FREIGHT TRAFFIC WP GETS SOME PERLMAN PEP PILLS December 27, 1971

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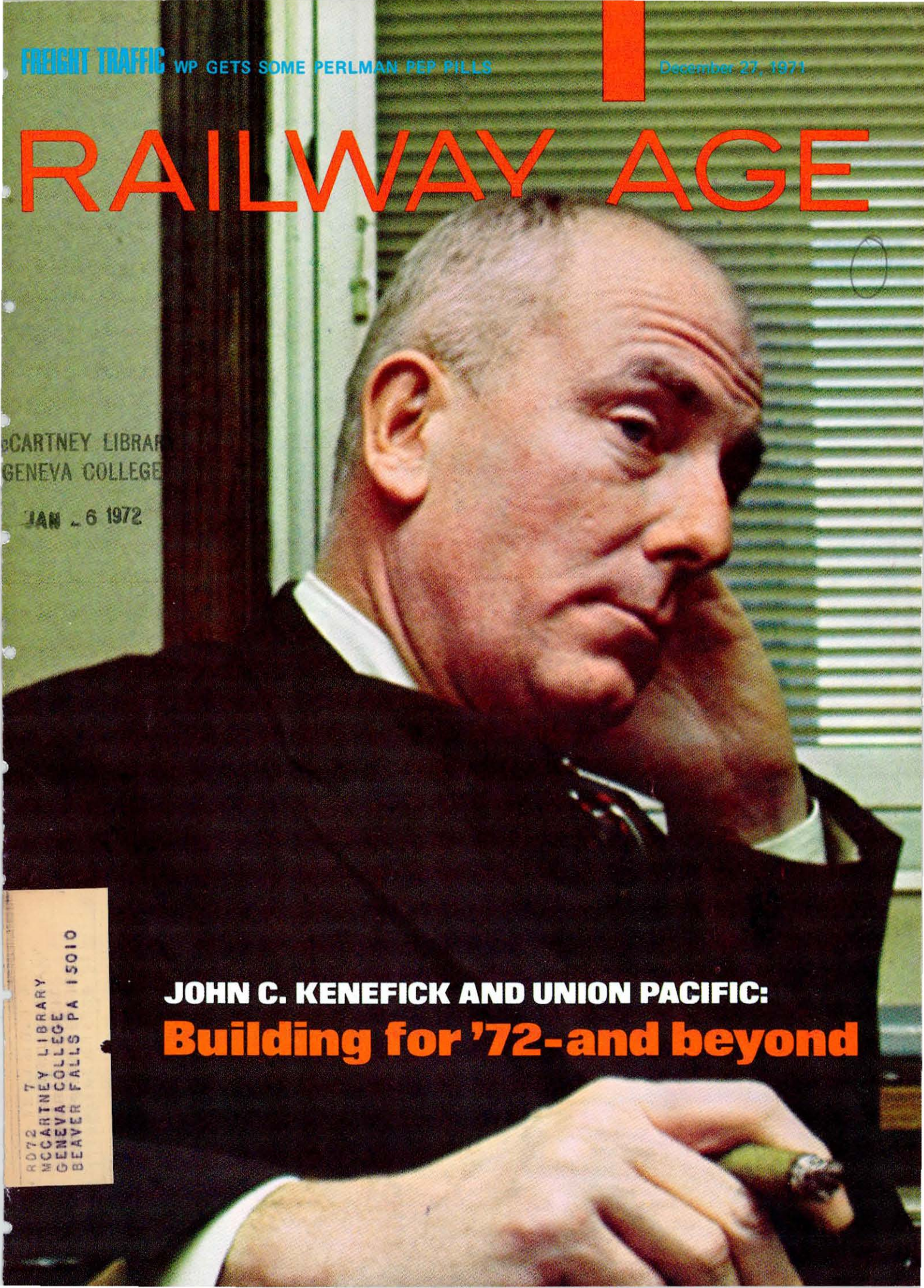

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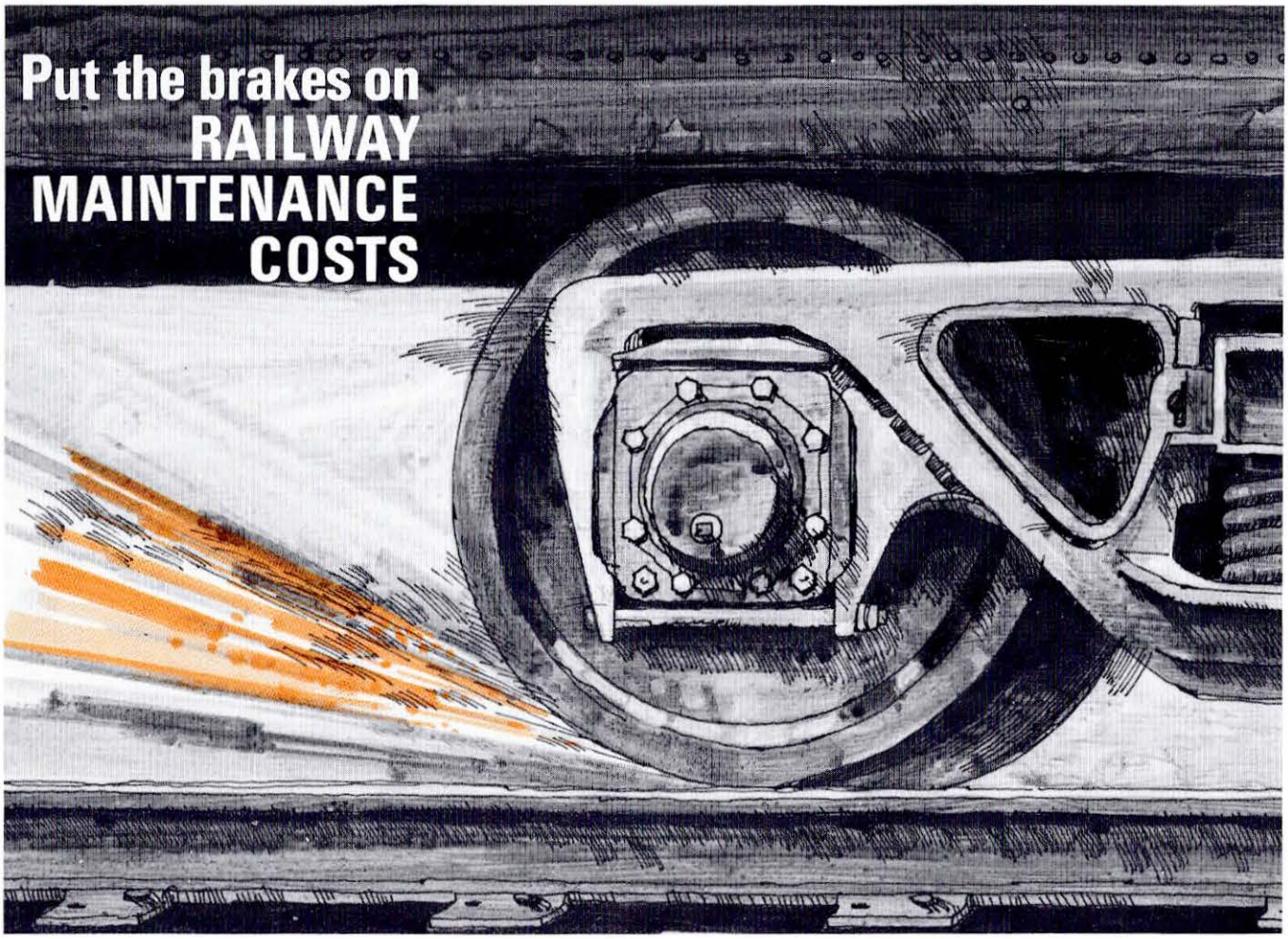

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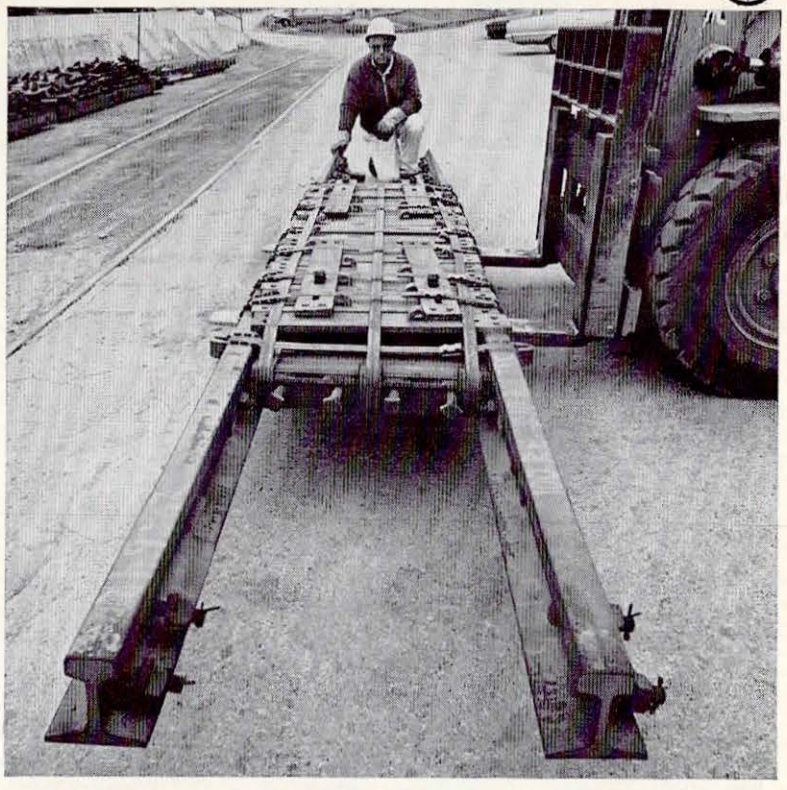

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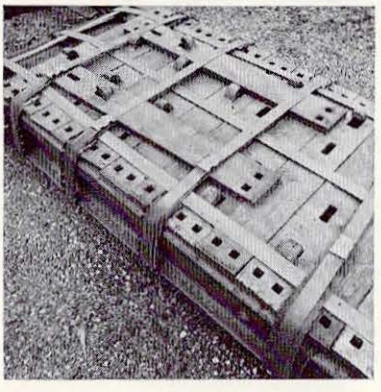

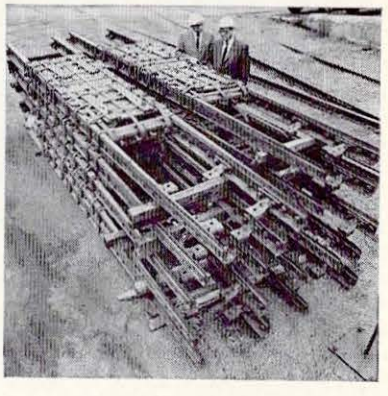

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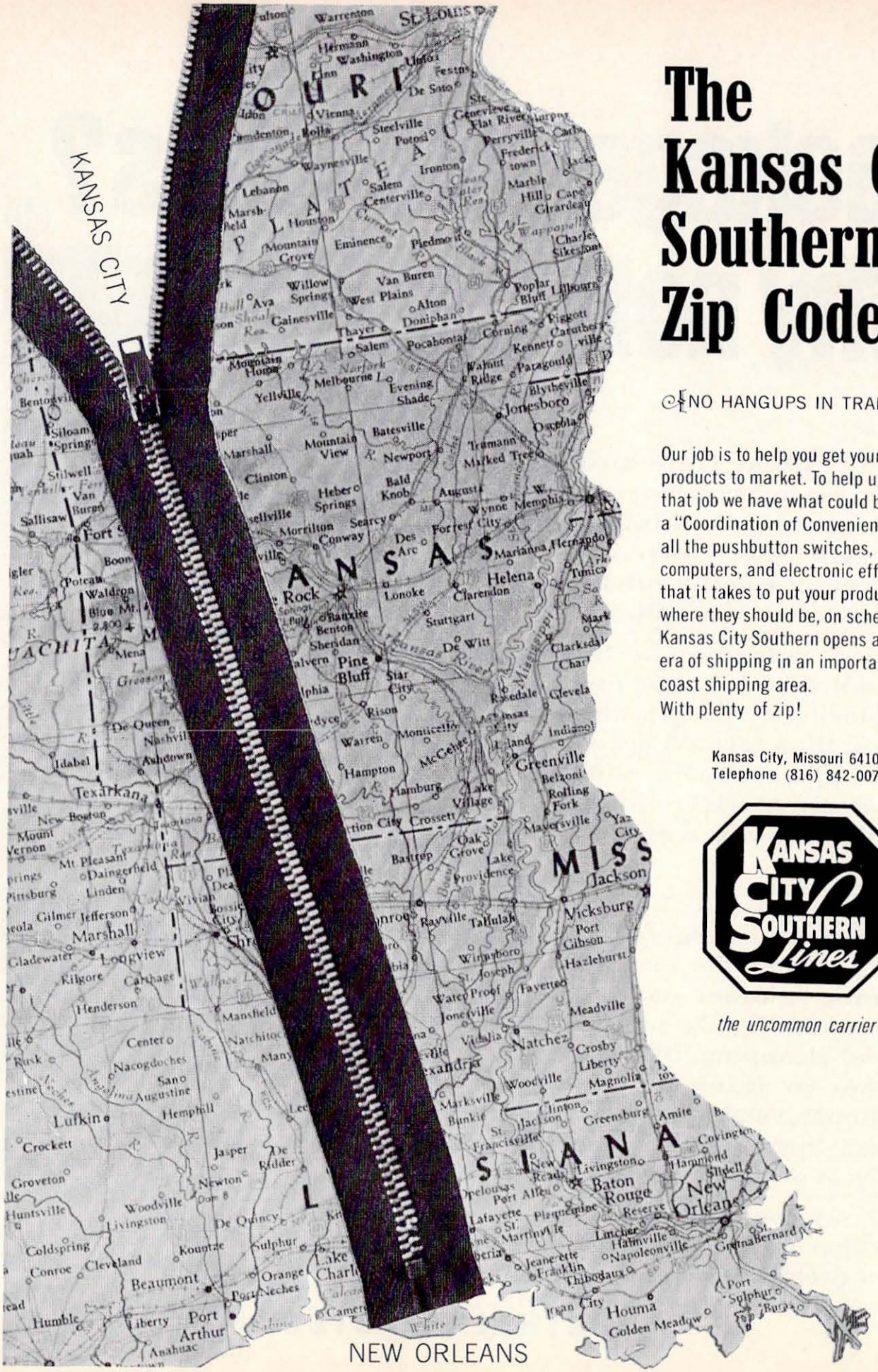

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December 27, 1971 • Vol. 171 No. 12

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Inside

LUTHER MILLER

UP AND "THE RAILROAD PROBLEM"

"The railroad situation today constitutes a problem of far greater moment than ever before. Permanent business prosperity cannot exist unless we have a healthy and permanent solution of the railroad problem. The story of the Union Pacific shows the vitality of a rightly located railroad, and its power, under competent management, of . . . becoming a source of profit to its stockholders and of service to the entire community."

With those words, Nelson Trottman began his history of the Union Pacific—published in 1923. It is an interesting comment both on the state of the industry, and the state of the UP, that the same words can be used 48 years later to introduce a new story on the UP. Railroad problems remain; UP continues to surmount them. How UP does it is described by Senior Editor Gus Welty commencing on page 21.

WP: A BONA FIDE TURNAROUND

It was one year ago Dec. 1 that Alfred E. Perlman took over the presidency of the Western Pacific. Since then, red ink has turned to black, and the question in industry and financial circles has been, "Just what has Al been doing anyway?" Railway Age sent Joe Asher to San Francisco early in December to find out.

"Quite frankly," said Joe later, "I wasn't sure what I would find. True, Al Perlman had a reputation as a railroad doctor. But it was in the front of my mind that a holding company had now been created, Western Pacific Industries, headed by that well known conglomerator, Howard Newman, former head of Northwest Industries and erstwhile partner of Ben Heineman. Quite a few railroads have gone to holding-company structures in recent years. The question was—had WP followed the ones that suddenly became conglomerates and drew off the railroad cash?

"I found the answer to be a definite no. Newman was responsible for Perlman coming to WP in the first place—but Perlman set the condition: No railroad cash for outside empire building. And that condition is set for in black and white in WP Industries' latest stock prospectus. What this means is that (1) the turnaround is a bona fide one—no juggling of numbers to impress Wall Street and jack up the stock price; and (2) Perlman can make his changes without fear that the rug will be pulled from under him should 'Industries' get the diversification fever. As it happens, the only thing WP Industries owns right now is 96% of the WP. Newman always meant to diversify, but when he does, it won't be by bleeding Perlman white."

What Joe Asher did find in San Francisco was a heads-up operating and traffic story. His report starts on p. 52.

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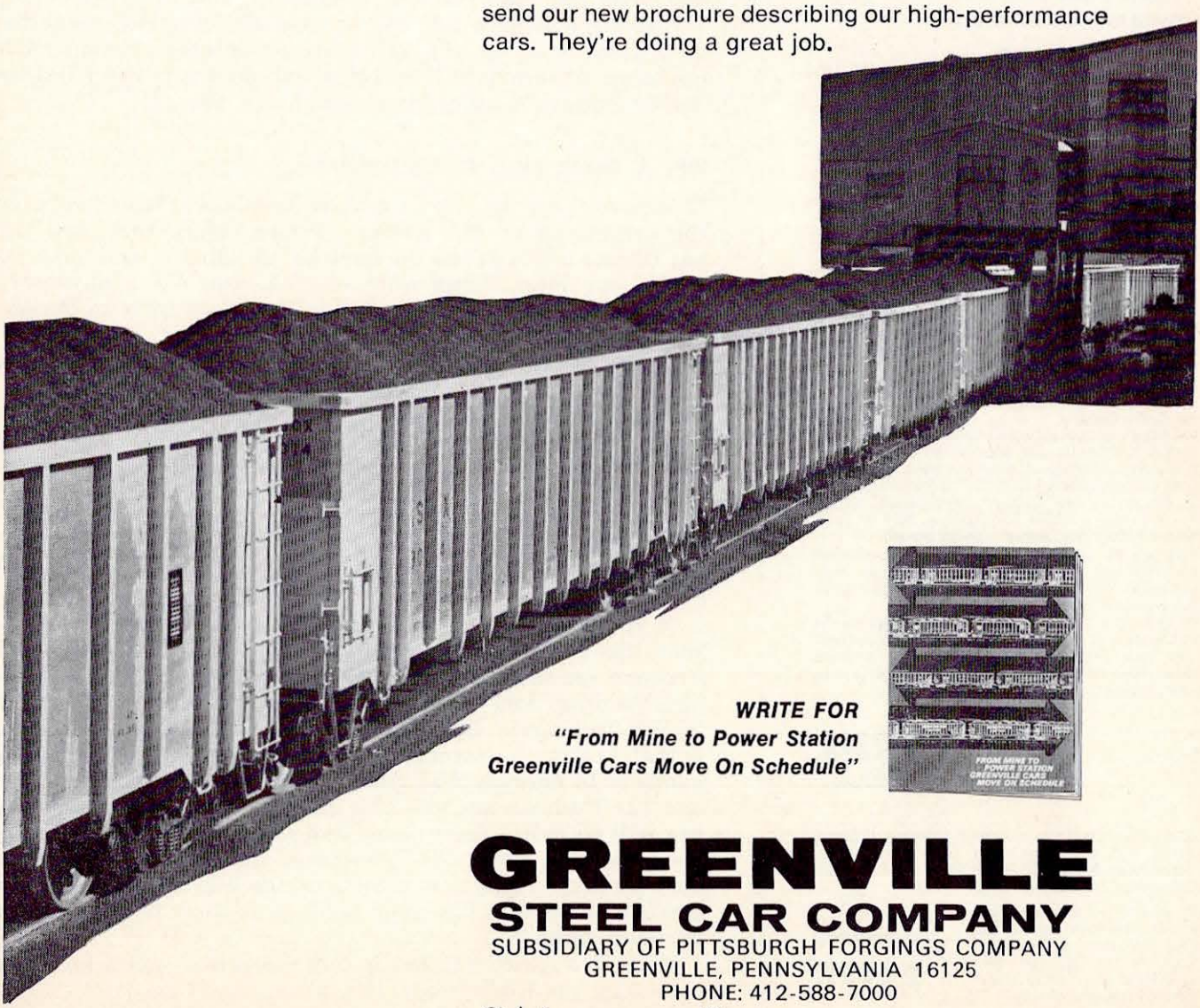

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RAILWAY AGE

December 27, 1971

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The cover portrait of Union Pacific President John Kenefick was made by Jerry Traylor, UP's assistant chief photographer at Omaha.

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Short and Significant

CAPITAL SPENDING INCREASES SET

Two more major roads have completed capital improvement planning for 1972—and in both cases spending will be up. Santa Fe Industries' expenditures are pegged at $137 million, up from an estimated $122 million in '71. Most of the increases will be accounted for by Santa Fe Railway, which spent an estimated $89 million in '71 and plans a $100-million budget in '72. Illinois Central Industries, meanwhile, is budgeting $116 million an increase of $29 million from 1971 levels. Of this total, $76.7 million will be for capital improvements on IC Railroad. That's 35% more than IC spent in 1971.

PC EXPANDS EQUIPMENT PROGRAM

Penn Central's updated improvement program for 1972, disclosed by President William H. Moore in a Dec. 21 year-end statement, now calls for: acquisition of 6,700 new freight cars; rebuilding or upgrading another 14,840 cars; 200 new locomotives; 218 miles of new rail; and expenditure of $15.5 million for class-yard improvements. Moore estimated PC's 1971 fully-accrued deficit to be $275 million, compared with $326 million in 1970. He said PC cut its work force by 5,000 during the year. Moore said the railroad ran more and shorter trains in 1971 but at the same time managed to hold transportation expenses at about the same level as in the previous year.

COUPLER INVESTIGATION FOR AAR

A two-year study of couplers, involving field and laboratory investigations, is being undertaken by coupler manufacturers. This follows an agreement signed with the AAR Research and Test Department. Coupler performance has become a concern of the railroad industry. The report on couplers, according to Dr. William J. Harris, AAR vice president, is due by Jan. 1, 1974.

IN LABOR, CONFUSION AND CONTROVERSY

With the dawn of 1972, there will apparently still be loose ends to wrap up before all unionized rail employees are covered by new contracts. Phase 2 Pay Board rulings on agreements with four shopcraft unions and the Brotherhood of Railroad Signalmen have clarified the situation somewhat. But a settlement negotiated by the railroads and the United Transportation Union last July remains in limbo. And disputes with both the Firemen & Oilers and the Sheet Metal Workers remain unsettled—with the Sheet Metal Workers posing the bigger problem.

SIDE TRACK FOR REGULATORY PACKAGE?

Transportation lobbyists are keeping an eye on S. 784, which was introduced by Sen. Howard Baker (R.-Tenn.) last February. It would set up a Commission on Transportation Regulatory Agencies to make a study of ICC and other bodies with three years from enactment to submit a report to Congress. Some Senate sources say the controversial rate and regulatory reforms contained in the Administration's recent package (RA, Nov. 29, p. 14) will be given over to such a commission. This would please rails and other regulated carriers as clearing the way for implementation of their proposed Surface Transportation Act.

STAGGERS WOULD SWITCH SECURITIES CONTROL

Rep. Harley O. Staggers (D.-W. Va.), chairman of the House Commerce Committee, has introduced a bill (H. R. 12128) to transfer control of transportation stocks and bonds from ICC to the Securities and Exchange Commission. ICC will soon send to Congress a counter-proposal strengthening its regulation of such securities. Regulated carriers oppose any change in the present system. The Staggers bill, however, enjoys important Congressional support.

FRB REPORTS INDUSTRIAL GAINS

Industrial output rose 0.8% in November, the second largest monthly increase of the year, reported the Federal Reserve Board. Its industrial production index stood at 107% of the 1967 average last month, a level 4.3% above the low a year ago during the General Motors strike. The Fed report showed November gains in output of consumer goods, business equipment, and materials, and a continuing decline in defense equipment.

AMSTED PLANS BOOST IN SPENDING

AMSTED Industries' expenditures for plant addition in fiscal 1972 will add up to about $10 million —up from $5.67 million spent in '71. The largest single outlay will be for expansion of the company's railroad steel wheel plant at Transcona, Man. In reporting on results for fiscal 1971, AMSTED officers also noted a $6-million increase (to $60 million) in the order backlog, reflecting increases in new orders for both railroad and industrial products.

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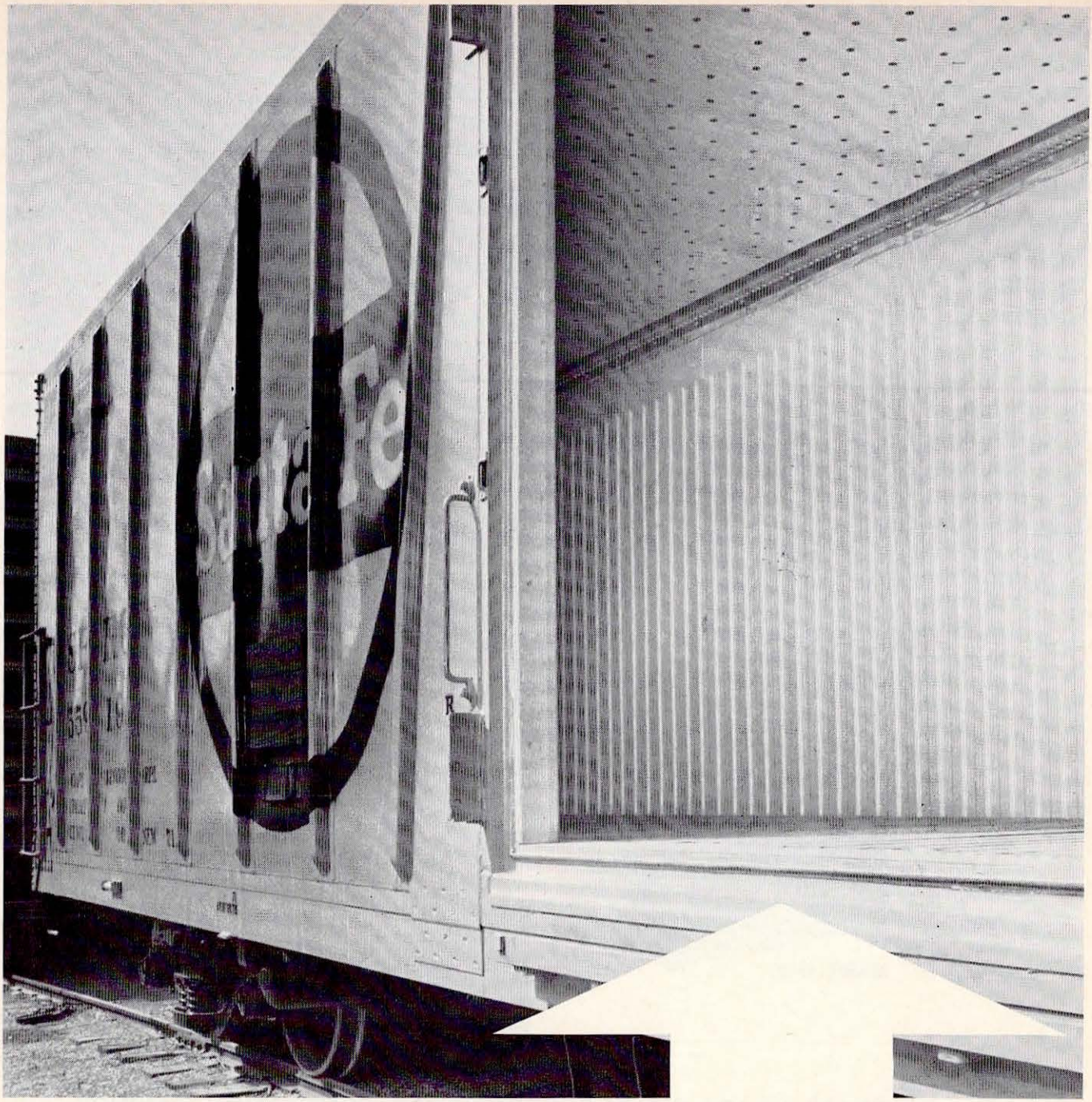

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RAILWAY AGE

NEWS

Operating revenues reach all-time high despite ton-mile drop

Railroads accounted for 735 billion ton-miles of intercity freight in 1971, a drop of around 4% from 1970's total. But due to the freight-rate rates increases of 1970 and early 1971, operating revenues rose to a record high of $12.6 billion.

The AAR said the industry's rate of return on investment for 1971 would show only "moderate improvement" over last year's 1.73%, lowest since the '30's. For the 12 months ended Sept. 30, 1971, the rate of return was 2.53%, but this figure is not likely to hold up for the calendar year in view of the fact that coal and dock strikes, as well as cost increases, are believed to have cut heavily into fourth-quarter earnings.

a slight decrease this year, from $1.35

As for capital investment, there was billion to an estimated $1.2 billion. Expenditures for equipment dropped from $993 million to approximately $860 million; outlays for roadway and structures were down from $358 million to an estimated $340 million.

AAR President Stephen Ailes issued the industry's year-end statement with an upbeat comment. Said Ailes: "While 1971 obviously was another disappointing year for the industry financially, there were several heartening developments. Certainly worthy of note, particularly because of its immediate impact, is restoration of the 7% investment tax credit.

"The arrival of Amtrak on the scene is a start toward the eventual elimination of heavy passenger-train losses by our individual railroads. A start also has been made toward modernizing long-controversial work-rules. And the railroads, truckers and regular water carriers are now working together in support of transportation legislation.

"The surface carriers have come to recognize the need for cooperation in this time of crisis, and we believe that Congress, too, is now aware of the fact that the public interest demands early action to restore health and vigor to our entire transportation system. This realization in the long run may be the single most important development in the transportation field in 1971."

Dollar devaluation seen as boon to rail-equipment exporters

Devaluation of the dollar will be "definitely advantageous" to U.S. exporters of railway equipment say foreign trade experts in the Transportation Equipment Division of the Bureau of Domestic Commerce.

U.S. rail equipment exports are already running "well ahead of last year," these sources note. "If devaluation is significant enough to offset the high cost of U.S. equipment," they say, "1972 should be a very good year."

In the first 10 months of 1971, sales abroad of U.S. rail equipment totaled $174.5 million, including $92 million in locomotive sales. The '71 total is well above 1970's export total of $111.6 million.

Buyers of locomotives were principally Korea ($17 million), Iran ($13 million), South Africa ($9 million), Brazil ($8 million), and Algeria and Zambia ($6 million each). Freight-car sales in the first 10 months of '71 totaled $10 million and sales of wheels, axles and parts totaled $55 million.

The last five years have shown these fluctuations in U.S. rail equipment exports: 1967, $164 million; 1968, $98.8 million; 1969, $104.4 million; 1970, $111.6 million; 1971 (10 months), $174.5 million.

Commerce foreign trade specialists said U.S. exporters compete in foreign markets at a disadvantage with Japanese, British, and French suppliers who have a tendency to get on the ground floor of a foreign rail project through consulting services. They said they hoped U.S. exporters would use devaluation as a spur for more aggressive marketing abroad. "U.S. suppliers should hustle and compete."

By way of comparison, imports to the U.S. of rail equipment showed this five year trend: 1967, $9.1 million; 1968, $9.8 million; 1969, $11.5 million; 1970, $14.3 million; 1971 (10 months), $12 million.

Santa Fe looks west—to the Far East

Santa Fe will be setting up shop in Tokyo early in 1972 with its first traffic office in the Far East. That's the significance of this presentation of a Santa Fe locomotive model by President John S. Reed and Vice President-Traffic L. C. Hudson (extreme left) to Nobuhiko Ushiba, Japanese ambassador to the United States.

Said Reed: "Despite some of the uncertainties that surround international commerce these days, we are proceeding to put our Tokyo office plan in effect at this time to show that Santa Fe has faith in the continued growth of strong trade relations between Far Eastern markets and the United States."

Reed also noted that while most international traffic has historically been controlled by companies in the United States, several factors—including increases in containerized and other traffic and the implementation of new intercontinental transportation arrangements planned by Santa Fe— now make it desirable for the railroad to have an overseas office to maintain close contact with shippers throughout the Far East.

Fastcor: How the new version compares

Nothing is more fascinating in government than the delicate horsetrading that goes into the writing of legislation.

S. 1729, the labor-backed bill to create a national freight car corporation called Fastcor, is a case in point. The bill was approved by the Senate Surface Transportation Subcommittee on Nov. 25. It went to the full Senate Commerce Committee with substantive structural changes to meet the objections of rails and carbuilders.

Once anathema to rails, the rewritten Fastcor proposal is now more attractive. Important objections remain (see Watching Washington).

A section-by-section analysis shows how the bill, which went through three rewrites, emerged from the subcommittee.

Organization

Old S. 1729: The President of the United States shall appoint three incorporators (unspecified).

New S. 1729: The President will appoint five, including the AAR president.

Directors

Old: Fastcor to have 11 directors: the DOT Secretary, the Secretary of the Treasury and nine appointed by the President of the United States from three recommended by AAR, one by NARUC, two by shippers, one by interested investors, one by labor, one by consumer groups.

New: Eleven directors: the DOT Secretary, the Secretary of the Treasury, three from AAR, one from labor, one on advice of the National Academy of Sciences (with knowledge of data processing systems as applied to car fleets), and four others from one of the following two options: three from shippers and one from consumers, *or* one recommended by the president pro tem of the Senate, one by the Speaker of the House, one by ICC, one by the Federal Trade Commission to represent consumers.

Financing

Old: $10 million to $30 million from rails raised by a 50-cent per-diem surcharge.

New: The same with the addition of language directing Fastcor to issue interest-bearing debentures to rails in the amount of a railroad's per diem surcharge.

Old: $10 million to $30 million from the U.S. Government, i.e., a sum equal to the amount of the rail surcharge.

New: Eliminated.

Old: Fastcor can borrow up to $3 billion in Federally-guaranteed loans.

New: The same, except that Federal guarantees apply only as long as all capital stock of Fastcor is owned by the U.S. Government.

Old: $20 million in direct grant from the U.S. Treasury.

New: $10 million from the Treasury in exchange for all of the initial issue of capital stock in Fastcor.

New: Fastcor may issue additional capital stock, but no railroad may own more than 5% of the outstanding stock.

New: After four years, a government panel shall consider sale of Federally-owned stock. After U.S. divestiture, shareholders will elect directors, but the President of the United States would appoint three to represent the public.

New: If Fastcor defaults on guaranteed loans after U.S. divestiture, the U.S. government may resume control of the corporation.

B&M: Solvency by Jan. 1, 1975?

Boston & Maine trustees filed a reorganization proposal with the U.S. District Court in Boston Dec. 20 calling for (1) sale of commuter operations to the Massachusetts Bay Transportation Authority for $56 million, (2) issuance of $22 million in 8% bonds, and (3) issuance of $21 million in new stock. The 100-page report said the road, which lost $6.5 million in 1970, could emerge from bankruptcy Jan. 1, 1975, with $6.5 million in net operating income.

The $99 million realized from the main steps in the reorganization proposal would be used to pay off the line's indebtedness, which is around $116 million.

At a press conference, one of the turstees, Harvard Professor Paul W. Cherington, confirmed that an informal proposal by Maine Central to purchase B&M's line between Portland, Me., and Worcester, Mass., for $5 million, had been rejected as too low.

In talks with officials of Maine, Vermont, New Hampshire and Massachusetts, the trustees sought new tax relief and pledged to invest $5.4 million in capital improvements.

B&M went into reorganization in March, 1970. The B&M president is John W. Barriger, who served as president of the Katy from 1965 to 1969.

with the old

Powers

Old: To build, purchase, own, lease and manage general service freight cars and to develop data processing systems for the identification of and forecast of need for general service cars.

New: Generally the same, except for addition of the words "new and rebuilt" before "general service."

Old: Fastcor to develop and operate a national computer system for car distribution.

New: Completely rewritten. Directs Fastcor to share costs with rails of a rail-developed national rolling stock information system. If after 18 months rails have not progressed to such a system, Fastcor may develop its own. Appropriates $10 million for allocation to rails for development of system.

Control

Old: Fastcor to establish its own rules and charges. ICC to delegate its authority on car service rules to Fastcor.

New: Totally rewritten. Fastcor can establish charges for use of its cars, but they cannot exceed 150% of Fastcor's cost in acquiring cars. Fastcor cannot levy charges for cars on a railroad that are not required for the railroad's use in originating traffic, provided the cars are not the subject of an ICC car service order. Fastcor is told to establish reasonable rates of compensation to rails for storage of its excess cars on rail property. Fastcor can establish "just and reasonable" car service rules in consultation with rails, and Fastcor is under ICC car service authority. Rails can protest Fastcor charges and rules to ICC, which has suspension and cancellation rights.

Labor Protection

Old: Fastcor contracts must be certified by the Secretary of Labor for all protective conditions including union shop. Fastcor cannot contract any work that will result in layoff of union employees.

New: Extensively rewritten. Fastcor is directed to follow industry practice in distributing car building and rebuilding work to railroads with carbuilding facilities. Total number of Fastcor cars built or rebuilt by railroad shops in one year shall not exceed the average number of such cars built and rebuilt during the preceding five year period. To the extent practicable, repair and maintenance work to be allocated to railroads with such facilities. Union wage scales to apply in all contracts negotiated with carbuilders.

Watching Washington

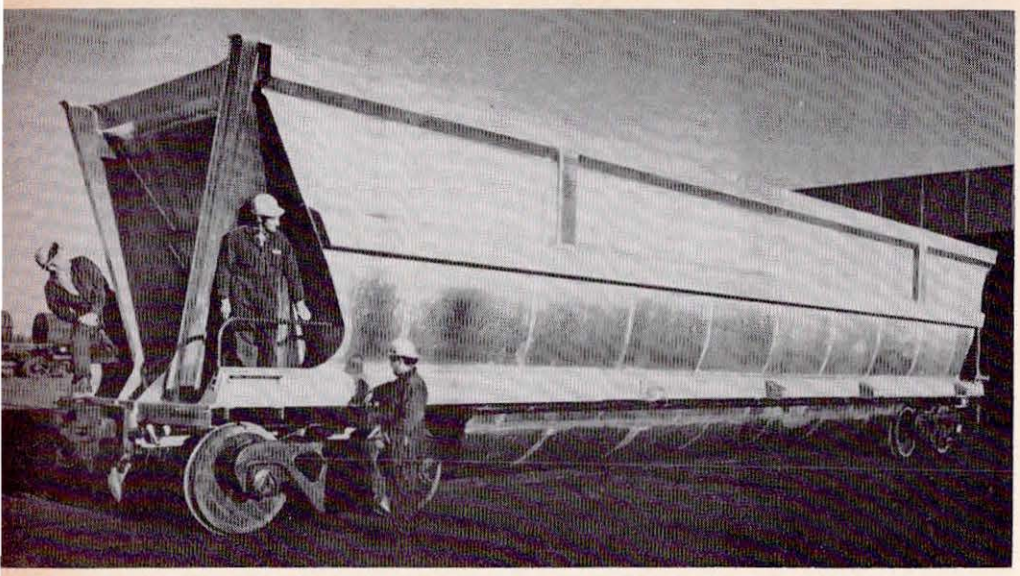
REID BEDDOW

FASTCOR'S CHANCES

The outlook at this moment is about 50-50 that rails will support S. 1729, the extensively revised freight car corporation bill recently approved by the Hartke Surface Transportation Subcommittee. This is despite the fact that, in the words of one rail lobbyist, "We got 95% of the changes we wanted." S. 1729 is the so-called Fastcor plan of labor, and as originally proposed would set up a quasi-public corporation with car control and labor protective clauses highly repugnant to rails and carbuilders. No fewer than 34 senators co-sponsored the original bill. As rewritten in subcommittee, S. 1729 was combined with many features of S. 1730, the freight car corporation bill backed by AAR. Thus S. 1729 is now much more palatable to rails. But the 5% of changes rails didn't get is in the crucial area of corporate directors. Control of Fastcor still would be vested in a board in which rail representation would be a minority and upon which conceivably anti-rail directors could sit. Also, the Railway Labor Executives' Association in a letter from its executive secretary-treasurer J. Taylor Soop to the Senate Commerce Committee has proposed new labor protective changes which would upset a delicate compromise in the revised bill. No railroad wants a foreign corporation interfering in its operations. No carbuilder wants to be saddled with new, astronomical labor costs. AAR, RPI, and labor conflicts must be resolved if any bill is to pass despite wide Congressional support, especially and obviously in the Senate. A year ago when the bill was first introduced, a Congress of Railway Unions officer told this writer that a national freight car corporation to ease car shortages had been an idea kicking around for 50 years but that rails, labor, shippers, and carbuilders had never been able to agree on a compromise plan. He stated his belief they would not be able to agree this time, either. As noted above, rail support for the revised S. 1729 is still very iffy. But if kinks in the bill are ironed out to the satisfaction of all parties, the Senate Commerce Committee could report out the bill as early as March. As a footnote, the AAR officer bird-dogging the bill is General Solicitor Carl Lyon, former acting administrator of FRA.

NEW TEAM AT FRA

FRA Administrator John Ingram will announce a sweeping reorganization of his agency in January. Joining his staff as deputy administrator, it has been learned, is Henry Rush, minority counsel to the Senate Commerce Committee. Also joining FRA as policy and planning "czar" is James A. Hagen, now director of market research for Southern Railway. Hagen will head up a new Office of Policy and Planning, under which will be four divisions: program planning, policy development, science and technology, and economic demonstration. Hagen and Rush join Milton Klein, named associate administrator for research and development on Nov. 17, as Administrator Ingram's new team.



Lightweight car designed for Canadian coal

An aluminum gondola with a capacity of over 110 tons of coal has been designed by engineers of Alcan Canada Products and Procor Limited. Railway and mining company officials inspected the 42,000-pound car at Procor's Oakville, Ont., shop recently. Procor is a division of Trans-Union Corp, along with Union Tank Car which is its U.S. counterpart.

The coal-car project has been assisted by the Canadian Department of Industry, Trade and Commerce through its Programme for the Advancement of Industrial Technology. The lightweight LRC passenger car (RA, Nov. 8, p. 29) is another product of PAIT grants.

From Oakville the gondola was scheduled to go to the Ottawa facilities of Canada's National Research Council where it would undergo the squeeze and impact tests required to qualify it for AAR interchange service. Then the silvery, round-bottom car is to be sent to western Canada where both Canadian National and CP Rail are handling growing tonnages of coal—much of it for export to Japan.

Once the integrity of the car has been proven, it will be ready for largescale production. Designers see it lowering coal transportation costs by 10%, despite its higher initial cost as compared with conventional equipment. This would be particularly true in unit-train service where utilization is consistently high. Already CP and CN have sophisticated unit train operations for their export coal and CP even utilizes a steel gondola of a configuration not unlike that of the new Alcan/Procor design.

The light body weight (15,000 pounds without couplers and draft gears) has been achieved by designing a compound cross-section with a curved bottom and

curved lower panel walls, combined with vertical upper walls and six extrusions which run the length of the body. Lateral strength is provided by the end bulkheads and the "butterfly" intermediate bulkheads (see above).

The car features a depressed center section between the trucks which serves to lower the center of gravity and improve its stability. The body has a capacity of 4,700 cubic feet while the length overall is 58 feet 7 inches. In the course of design, all the major loading and unloading facilities in western Canada were studied and the car made compatible with them. While it has been primarily designed for coal service, it is seen as suitable for other bulk products such as sulfur which are transported to market in large volumes.

For many years Alcan has been involved in the development of aluminum freight cars. Initial development of aluminum open-top hopper cars was followed by the tubular covered hopper which has been the prototype for many such cars now in service. A tubular open-top car was also produced.

Truckers' '71 net put at $395 million

The nation's 2,600 Class I and Class II motor carriers will end 1971 with a net income after taxes of $395 million on revenues totaling $15.2 billion, according to preliminary estimates of the American Trucking Associations.

"As a result of tight expense controls established throughout the industry in 1970, expenses in 1971 have increased at a slower rate than revenues," said ATA President William A. Bresnahan. "The operating ratio for 1971 is estimated at 94.4, compared to 96.6 in 1970. The net after taxes, however, will probably not exceed a level of 2.5% on gross revenues."

He cautioned that "several uncertainties could still affect the final performance figures for 1971, as well as prospects for 1972. Indications of a significant slowdown in the rate of recovery during the fourth quarter may reduce the level reached by the industry for the year."

The unity achieved by regulated truckers, railroads and water carriers on a legislative program was described by Bresnahan as being "unquestionably the most significant development for the trucking industry in 1971." That program is contained in the pending Surface Transportation Act of 1971.

Traffic reps, no; sales reps, yes

Missouri Pacific is making across-the-board title changes in its traffic department to better reflect (internally and externally) what the jobs are all about. Traffic representatives become sales representatives, general agents become sales managers and so on up the ladder in the department. Why the changes? Vice President-Traffic Joseph A. Austin wants better identification of the actual role his people play in dealing with their customers. He also wants clearer definition of functions within MoPac. Finally, he says, "at MoPac we look on sales as a profession and we want our men identified as salesmen performing the same kind of problem-solving and communications functions as their counterparts in other industries. Our men are proud of their identity as professional salesmen." Title changes are Step 3 in a major reorganization of the department. Earlier, MoPac revamped its sales administrative responsibilities and set up an intensive sales training program.

Winter's here, but that's snow alibi

When winter comes, rail service often starts slipping. Sometimes there is a good reason, like hip-deep snow. Sometimes it seems more like a conditioned reflex: When it gets cold, things and people tend to slow down. This year, though, Chicago & North Western is taking a bit of a psychological approach to keeping the railroad moving like it was summertime. First, posters started showing up all over the railroad. Then, two-inch buttons made their appearance for crews (and others) to wear. The message: "Winter is no excuse. We've been thru 122 of 'em!"

New TOFC trains pay off for PC

One out of every five piggyback shipments in the U.S. is now handled by Penn Central. But 20% of the market isn't good enough for J. Bruce Addington, PC's vice president-operation.

"The piggyback business is there, and we aim to get it by outcompeting our competitors," Addington told the Southeast Shippers Advisory Board at Hollywood, Fla., Dec. 9.

He noted that Penn Central had placed six new TrailVan trains in service this year to bring the total to 40; speeded-up TOFC schedules by bypassing intermediate freight yards; improved on-time performance by 30% over last year; and reduced trailer handling rates in some areas.

As a result, said Addington, Penn Central had a slight increase in trailer traffic in August, September and October "despite a sputtering economy and dock strike in October which cost us some 600 trailer shipments a week." In the earlier months of the year, TOFC traffic had declined by about 10%.

He told his shipper audience: "We're planning for tomorrow. We expect TrailVan traffic to grow substantially in the next five years. Penn Central is not out of the financial woods yet, but we are running a fine service/oriented railroad on a day to day basis. We're lean and hungry, and what we need most is a healthy rise in traffic volume. TrailVan service is only one of many ways in which we're trying to get it."

Recent experience, said Addington, "has proven that aggressive pricing and service policies are indeed attractive to shippers. This is becoming especially clear in TrailVan service to the South, and vice versa, where PC has a great opportunity to build traffic volume."

Lines on Labor

GUS WELTY

'TIS THE SEASON . . .

Year-end is the traditional time to talk of "challenges" and "opportunities." First, you point out what ought to be done. Then, in a burst of optimism, you point out what a great chance people have to do that which needs doing. If you get really carried away, you predict accomplishment: the challenges will be met, you say, and the opportunities will be seized. So often, this is hogwash—especially if you are trying to apply such thinking to railroad management/labor relations. Yes, the challenges are always there. And you can always make a good case for opportunity. It is accomplishment that is usually missing. But, as 1971 rounds the bend into 1972, maybe rail management and rail labor are ready to put it all together—challenge, opportunity, accomplishment.

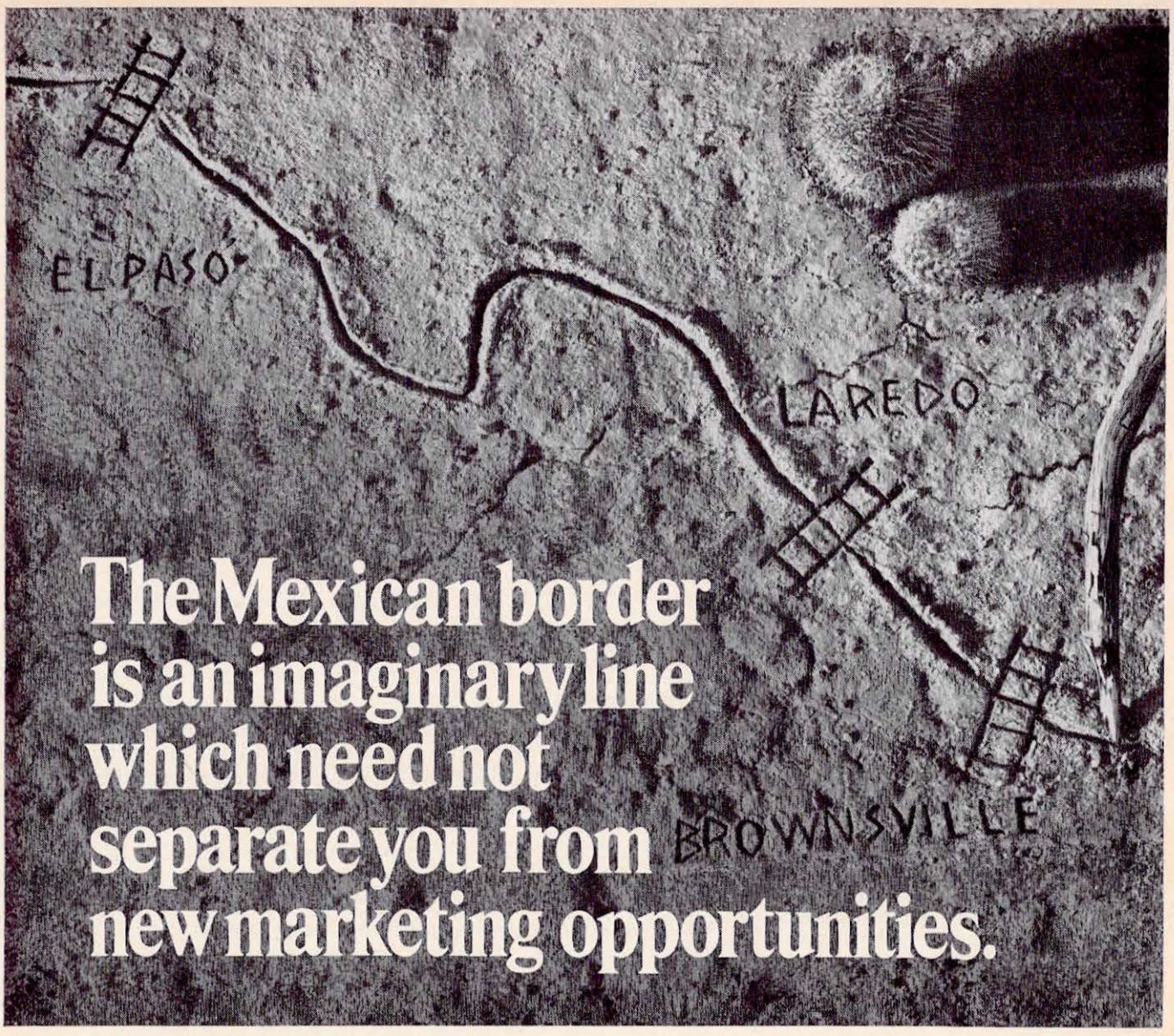
. . . TO HOPE FOR THE BEST, AND TO FIND CAUSE FOR HOPE

There are reasons for optimism which, at this point, seem sound. And they lie mostly in the area that has been most troublesome—the area known as operating work rules. Reason No. 1: Significant first-step progress has been made in agreements with the two operating unions, and it's a better-than-fair bet that the United Transportation Agreement will go into effect, once problems with the Pay Board are straightened out. Reason No. 2: Agreements with both UTU and the Brotherhood of Locomotive Engineers provide for creation of standing committees to worry with the rules problem on a continuing basis, and both management and labor seem serious about making these committees work. Reason No. 3: A revamped National Railway Labor Conference shows promise, at the outset, of being able to function more effectively not just as a bargaining agent but also as the kind of agency that can plan and coordinate activities, and maintain continuing dialogue with key people in the labor organizations. Within NRLC, there will be obvious changes. The conference will have a new chairman, Bill Dempsey, and a single vice chairman, Maynard Parks. Its executive board will be the same as the executive committee of the AAR board. The three regional conference committees will be replaced by a national committee of 10, each member and the chairman with a vote. The chairman will be NRLC's spokesman.

Within NRLC, there may also be less obvious changes. And it's these changes, in attitude and approach, that raise a real hope that 1972 may be "bright new era" time.

NRLC was born in a time of controversy, a decade or so ago, and it had the man for the times in Doc Wolfe. The past several years have been marked by almost continuous contract controversy, and while Jack Hiltz has been pot-shotted from all sides the future may be kinder to him than the present: after all, he was the incumbent chairman when the first negotiated approach to work-rules reform was made.

What comes next? Hopefully, true negotiation on all the work-rules issues—the issues which can make or break the future, so far as the industry and its employees are concerned. In the operation of the BLE and UTU standing committees, there is more potential—more challenge and opportunity—than the industry has seen. Hope for accomplishment.



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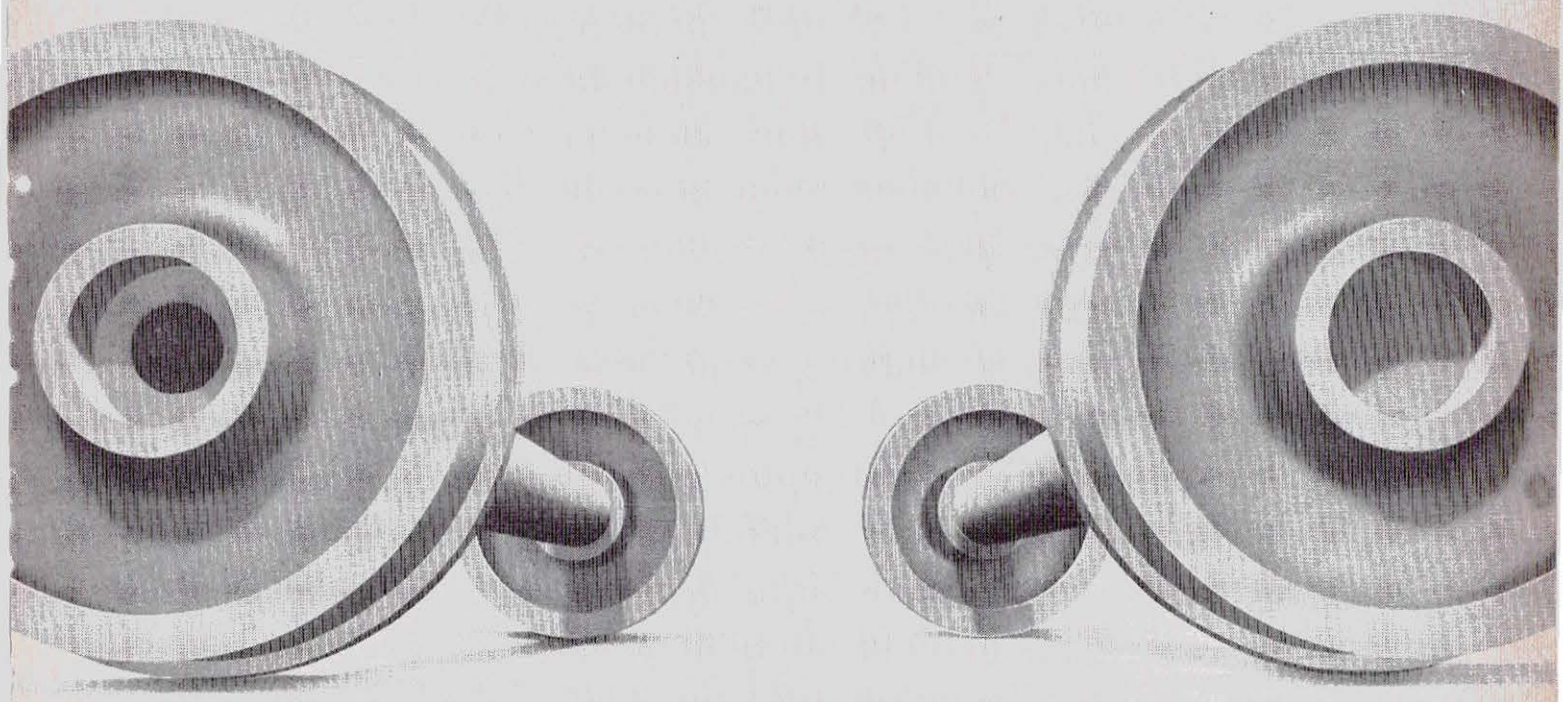

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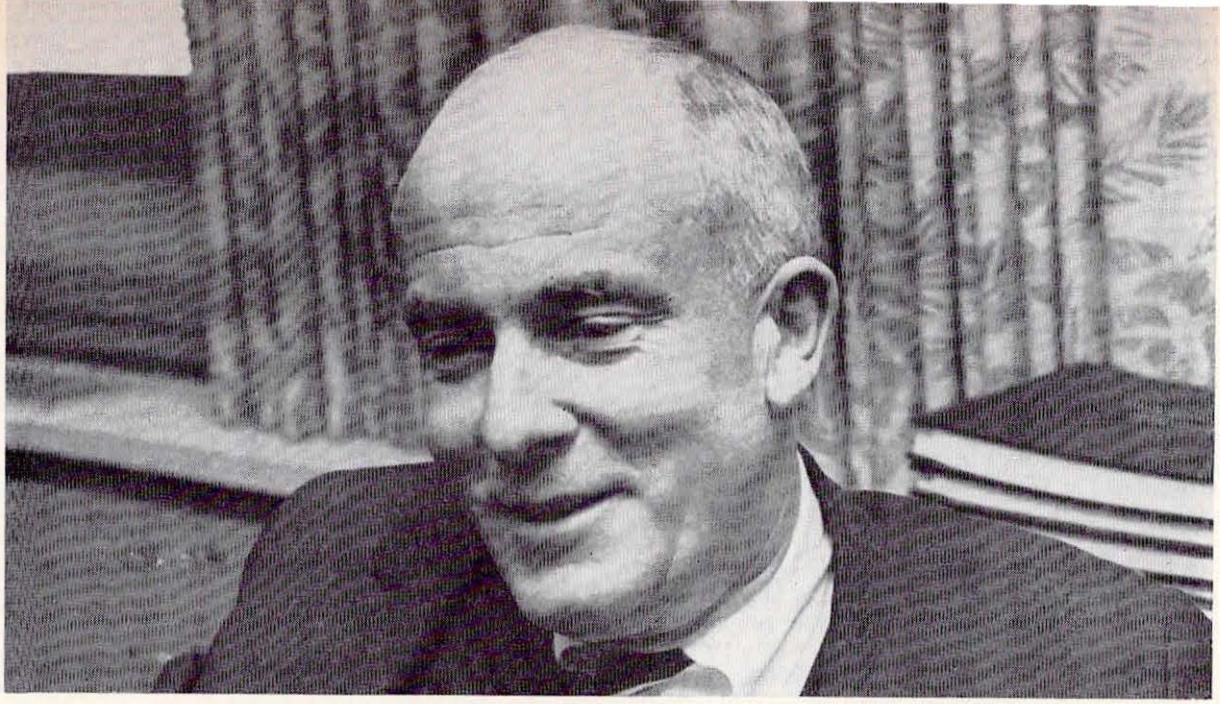

JOHN C. KENEFICK AND UNION PACIFIC:

Building for '72-and beyond

It's a trimmed-down, pepped-up Union Pacific Railroad that is closing the file on 1971—and looking ahead to a more promising '72.

This is not to say that the past 12 months have been bad ones. For almost any other road, UP's 1971 performance would be something to savor. But there have been frustrations—not the least of which was the 18-day United Transportation Union strike of last summer. And UP's management team is not one to take frustrations lightly, or suffer them gladly.

What does this augur for '72 and beyond? What courses will UP planning—and action—take? Railway Age Senior Editor Gus Welty had wide-ranging discussions with UP's top officers on what has happened and what is likely to happen. The lead-off man: President John C. Kenefick.

Q. In many respects, 1971 has been a peculiar year for the railroad industry. How does it add up for Union Pacific?
A. We haven't had a bad year, by any means. At the same time, 1971 certainly wasn't as good as we hoped it would be. The UTU strike hurt, and hurt plenty—not just for the 18 days we were shut down but for the next month, because it took that long for traffic to build back to pre-strike levels. The West Coast dock strike created problems. So did the coal strike, although it didn't hit us as hard as it hit some railroads. And, frankly, in October business generally seemed to be slumping.

Q. Against that backdrop, how do you view 1972?
A. Again, we hope we're going to have a good year—certainly a better year than we've had in 1971. But it's hard to predict business levels under any circumstances—and we have the continuing effect of the wage/price freeze to consider.

Q. Under these conditions, what are you planning for 1972 equipment and property improvements?
A. Traditionally, about 75% of our capital budget has gone for equipment, and we expect that ratio to hold up in 1972. Of course, expected business levels have an effect on our planning. Our proposed total budget is about the same as our 1971 expenditure, or approximately $100 million.

Q. How about planning for improvements beyond 1972?
A. So far as equipment is concerned, we don't see any dramatic changes coming. We've had heavy equipment expenditures in recent years—365 new locomotives and more than 31,000 freight cars in the past six years. In general, our fleet is in good shape. We will have a replacement program, plus whatever is needed to meet hoped-for increases in volume. If our coal business increases as we expect it to, for example, we'll be acquiring more open-top cars than we have in the past.

Q. And on motive power. . .
A. For the past several years, we've been buying super-power, to the point where we have pretty well saturated the service in which these high-horsepower locomotives are useful. Now, we will be concentrating on units of less horsepower, with nothing bigger than 3,000 hp in our 1972 program.

Q. Inevitably, there is the question of electrification. . .
A. We're making studies, in cooperation with electric utilities and General Electric, of mainline electrification from North Platte, Neb., to Green River, Wyo., or perhaps to Ogden. This is not outside the realm of possibility. We're serious about looking into it. There isn't any set timetable for completing the studies, and frankly the amount of money involved scares me just a bit. But that doesn't mean that we won't go ahead with this, because it does not look unattractive.

Q. UP has also been spending a considerable amount on fixed-plant improvements. . .
A. We've built Bailey Yard at North Platte and we've improved our East Los Angeles Yard. We should be doing

"WE HOPE TO GET A MUCH BETTER HANDLE ON CAR UTILIZATION AND DISTRIBUTION"

something in the Pacific Northwest, but we haven't quite decided what. We've completed our new diesel facility at North Platte, and we have improvements under way on the locomotive department at Omaha. We've been making improvements at Pocatello, Idaho, and we're planning changes at our Salt Lake City diesel facility. We have studies in progress on installation of rip tracks at various points, and we also have to improve our facilities for heavy repair of freight cars. We're extending sidings, particularly on the Kansas Division. And I hope we can go along each year with $1 million to $2 million for line improvements, principally curvature reductions.

Q. UP is known as an operating man's railroad—a railroad of super-power and heavy trains. Is this a totally accurate image?

A. Are we committed to the big train? Sure, we are—but that doesn't mean we always run the big trains. If the demands of the service can be met only by running a light train, then we'll run a light train. But if we can provide the services the customer requires and get good equipment utilization with the big train, then we'll run the big train. I don't think there's anything unusual about that. If we were in the trucking business, we'd be plugging for triple-bottoms instead of double-bottoms. If we were in the tanker business, we'd be building bigger and bigger tankers. If we were in the airline business, we'd be buying 747s. But for some reason, in the railroad business it seems to be a sin to want to run freight trains like the airlines run 747s. Certainly, the bigger the train you run, the lower the cost. But you don't see the airlines putting a 747 on every run, and we don't do everything on the big-train scale.

Q. Would there be potential, for UP, in the kind of operation represented by a "Super C" or a minitrain?

A. As I understand it, these operations are designed to meet specific requirements that couldn't really be met in any other way. In a congested area, for example, a minitrain can eliminate delay, and of course this is good. But our operation doesn't really lend itself to much service of this kind.

Q. What if you could run mainline trains with smaller crews? Would this lead to a significant increase in the number of trains operated?

A. Maybe, but what do you gain by that? Put it another way: If we have 150 cars to move from Omaha to Ogden, 1,000 miles, and we can pull them with one crew and get there just as fast, I don't see any reason why we should pull them with two crews.

Q. In this operating context, will UP get substantial benefit from work-rule changes negotiated with the UTU and the Brotherhood of Locomotive Engineers?

A. It depends on what you mean by substantial. Will we save a lot of money? No, not a great deal. But to the extent that we can have a more flexible operation, certainly we will benefit by being able to give a better service. I'm thinking now of the road/yard and interchange provisions that were agreed to and interdivisional runs. You know, we're not bashful about spending a half-million dollars to take out a couple of curves and save five or 10 minutes on every train that goes over that route. So if we can get similar time-savings in the terminals, and on interdivisional runs, it's worthwhile. Perhaps the benefits are rather intangible, but that doesn't mean that they aren't real.

Q. Some of these benefits will be a long time showing up. In the meantime, costs keep going up. What can you do in this situation?

A. We know we have to keep even, even if we have to give wage increases that work out to about 1% per month. So we do a number of things. We lengthen sidings so that we can operate fewer but longer trains and still move traffic efficiently. We modernize our servicing and repair facilities. Hopefully, we can further mechanize our mainteinance-of-way-and-structures activity. We simply must have improved equipment and/or improved methods and procedures to improve productivity. I would say that the work-rules agreements are a very small first step in the same direction, toward improving productivity.

Q. What about this matter of improved equipment? Are you satisfied with the extent of the research-and-development work that is being done?

A. I think we could do a lot better. For instance, we're still working with the same basic freight car we had 50 years ago. I don't say that improvements have not been made. They have been. But we are not moving fast enough toward building the kind of equipment that can give better service and be cheaper to maintain.

Q. Will DOT's R&D effort at Pueblo help?

A. My impression is that this, so far, is pretty much passenger-oriented—and we aren't.

Q. Where should R&D work be concentrated? Railroads? Suppliers? The AAR?

A. It's difficult for individual railroads to go very far in this area. Their resources may be limited, or their applications may be limited. I don't know that the big burden should rest on the supply industry—though the man who builds a better mouse-trap can be pretty sure he'll have a market for it. I do think that a lot more of this kind of work could be done through the AAR—and I'm glad that the AAR research department is being beefed up, with a substantial increase in its 1972 budget. There is, of course, another area where valuable R&D might be done—and that's by the Federal government. When you consider what government spends on research involving aircraft and highway construction, well . . .

Q. Does this reflect the need for better understanding of railroads on the part of government?

A. Perhaps it does. I guess we may still be considered as a stodgy industry. But I'll guarantee you that we're a lot less so than we were 20 or 15 or 10 or even five years ago.

Q. If there is an educational job to be done in government, how about the one that remains to be done in the industry itself—the recruiting, training and retaining process to keep the executive pipeline filled?

A. If I had one single, major worry in my job, it would be in doing what you refer to—keeping the executive pipeline filled. I suppose if there's any single job a president should do that's more important than all the rest, that's it. But, to answer the question: We are recruiting, and we're having reasonable success. We're trying to get a handle on the training problem. I'm not satisfied that we have been doing all that we should have been doing in this area.

Q. What directions will training programs take?
A. I've been grappling with these problems for the past 10 or 15 years. I wish I had the answers. College and university graduates can be rather easily blended into an organization in marketing areas, finance, law, accounting. But the operating side is the big one, when we talk about personnel infusion. And it's tough, bringing these graduates into the kind of training program that you need in order to develop operating officers.

Q. It sometimes takes a rare breed. . .
A. It sure does. And yet, I don't know how you become a good superintendent without having been a trainmaster, or how you become a good general manager without having been a superintendent. I'm not rigid on this concept—but the problem is there and it has to be recognized.

Q. One area where the school/work transition is a little easier might be the computer room. What do you want computers to be doing for you five years from now?
A. In one word, more.

Q. Specifically?
A. We hope to get a much better handle on car utilization and distribution. We hope to get much better information on costs, on a current basis, for control applications. And we hope to get more and better information about our traffic—where we're getting business, where we're losing it, where we should be getting business and aren't, how our profitability works out, how our sales effort stacks up in terms of effectiveness.

Q. On this matter of profitability. UP has recently set up its TOFC/COFC operation on a profit-center basis. . .
A. We have, and we think this is working out well. Let's be modest, though, and say that there's nothing really new about this: The New York Central did it about 10 years ago, and the systems are about the same.

Q. Why pick TOFC/COFC as a starter?
A. First, we thought it was possible to get a good fix on figures. Second, we knew that there were enough variables to make changes significant—changes that can be made and controlled by our managers. In other words, with TOFC/COFC you can't say "Well, I made money yesterday and I'll make money the same way tomorrow."

Q. How about setting up other profit centers?
A. We may. But this depends on where you need the concept and how you use it. Take the coal business. Very soon, the bulk of our coal business will be moving in unit trains. When unit trains are set up, you have a certain standard set of conditions, as to volume, speed, frequency of service and so forth. There's a price attached to the service. So long as all the standards are met, your profit isn't going to change much. There just isn't much you can do about it. But with TOFC/COFC, you have all kinds of variables—traffic balance, flow of empties, terminal costs. These things can vary all over the lot. You could discover that you made money yesterday on piggyback, and that would be no indication whatever that you would be making money tomorrow. So, we assigned all TOFC/COFC revenues to the profit center. Then we assigned all the expense that could be specifically attributed and controlled—trucking expense, equipment expense including a per diem on cars regardless of who happens to own them. We charge the center with a rate per car-mile, loaded or empty, which is close to the system average revenue per car-mile, loaded or empty.

Q. What does this give you?
A. Well, what happens on the bottom line is not necessarily an indication of absolute profitability, but it does give us a base for comparisons. Since we've been using this system, that bottom figure on TOFC/COFC has turned from a deficit to a profit. Now, I'm not sure in absolute terms that we had a deficit in the beginning. I'm pretty sure we don't have one now, because, if anything, we're charging the profit center a bit too much on line-haul. Where did the improvement come from? Our people say it has come largely from improved equipment utilization. When you put their feet to the fire, they're more careful about cross-hauling empties, things like that.

Q. Is this to a point where the profitability of individual moves can be judged?
A. We want to get it to that point. There are too many areas now where you know you have a can of worms—but you can't find and isolate the worm that's causing the problems. We're getting into responsibility accounting, on a railroad system basis, and the aim of this is somewhat similar. We have to know where the specific problems are.

Q. Is this also a complicating factor—isolation of cost and profitability—in rate-increase situations?
A. There's no question but that some in the industry haven't done either their cost homework or their marketing homework. There's no question, either, about future rate increases. If the scheduled wage increases go into effect, obviously there will have to be rate increases. There's no other way for the industry to stay solvent. Oh, UP might last a little longer than some, but. . .

Q. Do we see more across-the-board increases—or is there a chance for selective adjustments?
A. To begin with, we estimate the cumulative effect of across-the-board freight-rate increases at 38% since 1960, with most of that coming since 1967. In the same period, the consumer price index has gone up by 38.8%—and the cumulative effect of railroad wage-rate increases adds up to 79.1%.

As to how we make increases, if we could sit here and make rates without worrying about anything but UP local rates, I don't think we'd ever go for an across-the-board increase. There are just too many factors that should be taken into account to handle a price increase in this fashion. Competition—intermodal and in the customers' market—is one factor. You also have to consider the sensitivity of some commodities and movements. For instance, we have situations where we're making a decent profit on traffic and where we'll continue to make a good profit as things stand. But the rate is at a level where if we go any higher, we're going to lose the business. The problem, or one of them, is that railroads have not been able to agree. And when we consider the time-lag involved in ICC rate proceedings plus the immediate need for more revenue, we tend to get desperate and go for the across-the-board increase, to avoid any further delays in arguing among ourselves. Then, we make the hold-downs or roll-backs wherever they seem most needed.

UNION PACIFIC:

Efficiency—and service

If you think of Union Pacific as a transportation machine, an operating man's railroad, a prime example of what efficiency can do, you are right. But if you think of UP only in those terms, you are missing half the story. UP is also coming into its own as a market-oriented railroad with a healthier-than-ever regard for customer needs. And its performance in recent years is evidence of both operations and service orientation:

—UP takes a train and runs with it. Its average length of haul is 640 miles, or about 140 miles greater than the industry average. Over the past five years, however, UP has been able to hold its freight train-miles constant while gross ton-miles have increased substantially. Tons-per-train are up by more than 16%. Ton-miles per employee are up from a 1,268-to-1 ratio to 1,620-to-1.

—Capital-spending programs have created a transportation capability which UP regards as second to none. In the 1966-70 period, UP expenditures added up to more than $738 million, and 1971 programs will boost that figure by about $100 million. UP and its customers have gotten quite a bit for the money—including 365 new locomotives, 31,399 new freight cars, the $20-million-plus Bailey Yard at North Platte, Neb., with its $10-million diesel facility, and a $2.8-million yard improvement at East Los Angeles. The average age of UP's 71,000-car fleet is 11.3 years, well under the industry average of 14.4 years. And on a basis of equipment-investment-per-revenue dollar, UP spending in the past five years has run 18 cents per dollar, more than twice the industry average.

● **Operating men, marketing men.** Traditionally, the route to the top at UP's Omaha headquarters has been through the operating department. It still is—but with a couple of differences. For one, John C. Kenefick has been more of a boomer than most recent UP presidents—with a service record that includes Rio Grande, New York Central and Penn Central (in addition to a post-war, five-year hitch with Union Pacific). For another, both Kenefick and UP's vice president-operations, William J. Fox, talk and act as much like marketing men as like operating specialists.

Bill Fox, for instance, will begin a conversation with the observation that "service has to be our first consideration"—and he means it. He is openly critical of railroads generally (and historically) for being "too rigid about schedules." It is with a certain pride that he notes UP "has no qualms about changing or adding schedules, if that's what the service requires."

Fox knows costs. He is well aware

"Our objective is to accomplish on-time delivery"

W. J. Fox, vice president operations

that "you always get in trouble if you over-train in any direction," and he goes down the line with UP's emphasis on the big train. But it was also UP that set in motion new schedules from North Platte to the West Coast—4,000-ton-or-under, high-speed schedules that get runthrough traffic off in a hurry and may pick up a full day on delivery of late-arriving business from connections.

Fox shrugs: "We know we suffer on costs when we run trains of 4,000 tons. But we realize that our connections may encounter problems such as weather, or any other conditions that may affect on-time operations. Our objective is to accomplish on-time delivery and we will increase horsepower and reduce tonnage, if necessary, to do so. We'll adjust schedules for as short a period as 30 or 60 days under certain conditions to do this. We don't advertise it—we just do it. The traffic may originate on a connecting line, but we still regard it as our obligation to get it in on-time."

● **Rising to the occasion, UP style.** In effect, that is one more challenge for an operating group that is used to challenges. Ever since Gold Spike days, a century and more ago, UP has had a tough and hardy breed in the operating department—and it is not surprising, since UP offers just about every operating condition on its 9,500-mile system, including plains railroading, mountain railroading, railroading at sea level and up to about 8,000 feet, railroading where the temperature goes to 120 above and 40 below.

Last summer, however, UP's operating people experienced something new, even for them—railroading without regular crews, when the United Transportation Union called the walkout that eventually stretched over 18 days. It was a trying time—but a time in which UP proved something to itself.

Union Pacific did not just fold up. When the strike began, supervisory crews were assigned to clean up the railroad, and on the second day of the strike more than 60 trains operated. Other roads took UP deliveries and, despite its own situation, UP said it would accept deliveries when connecting lines were later faced with the spreading UTU walkout. UP also found the opportunity to experiment with a real runthrough—flying a supervisory crew into Los Angeles to bring a train all the way to North Platte, with only the required rest stops, meal stops and servicing inspection stops.

This ability to maintain a degree of train operations, however, was not the only success that Fox and his people were able to record. Again using supervisory personnel, UP was able to do "a tremendous amount of work" at the new North Platte diesel facility—and the diesel fleet was in great shape from an availability standpoint when the strike ended. Meanwhile, mainline rail relay programs proceeded almost as if there were no strike. On one particular project—rail-laying on the approaches and through a tunnel—UP estimates it saved about 50% of the normal labor cost: With traffic at such reduced levels, Fox recalls, "We zipped right through."

● **Costs—and benefits.** UP's vice

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Hardest hit by the new standards will be switching terminals and secondary branch lines where tracks are now maintained for an operating speed of 15 mph. Under FRA's track classifications, the railroads must choose between upgrading all such tracks to 25-mph track standards or reduce the allowable operating speeds to 10 mph. The result, says Brown, will be either a greatly slowed operation in the face of increasing competition and reductions in the hours of service laws, or costs of upgrading which would turn many marginal branch lines from marginal to deficit operations.

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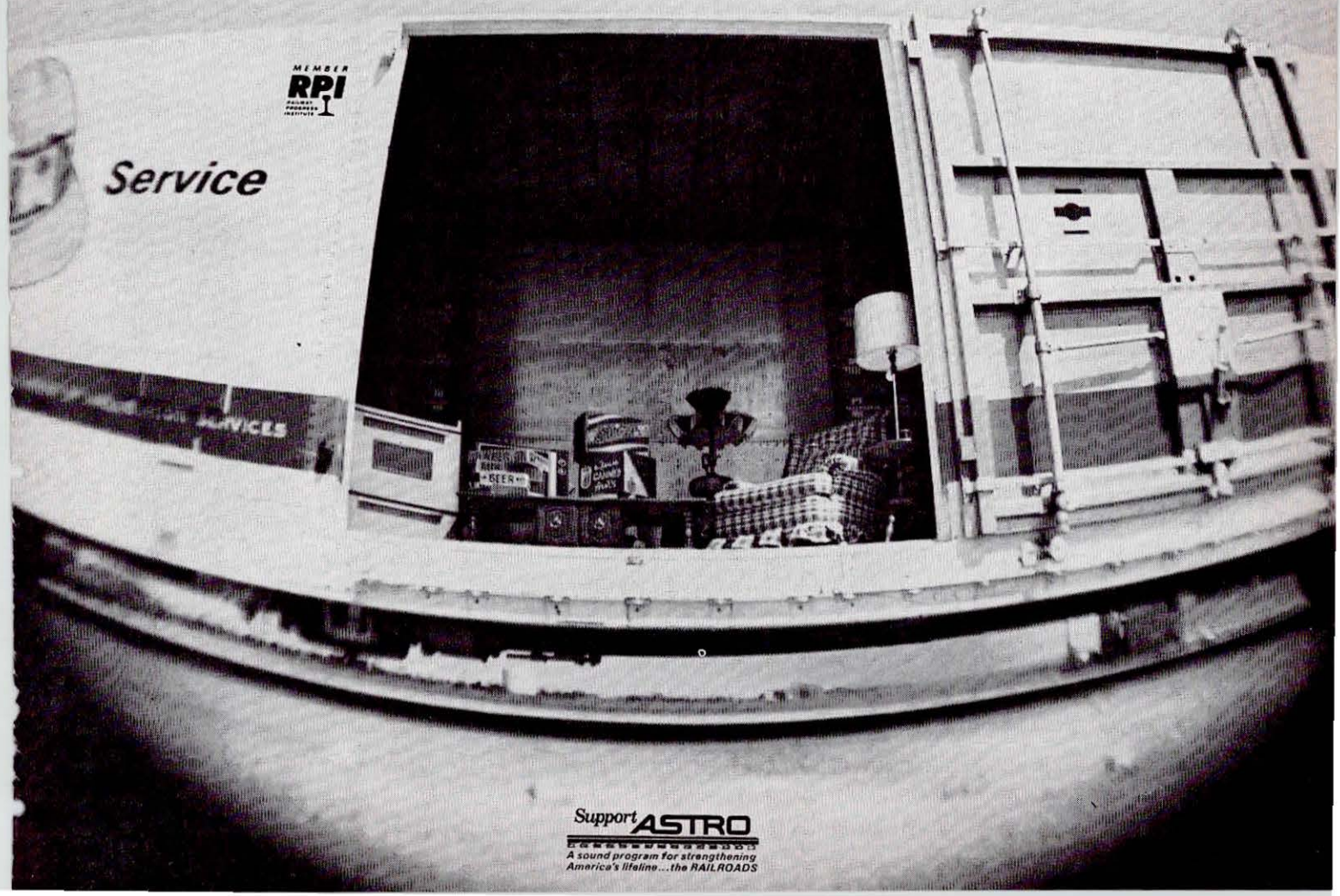

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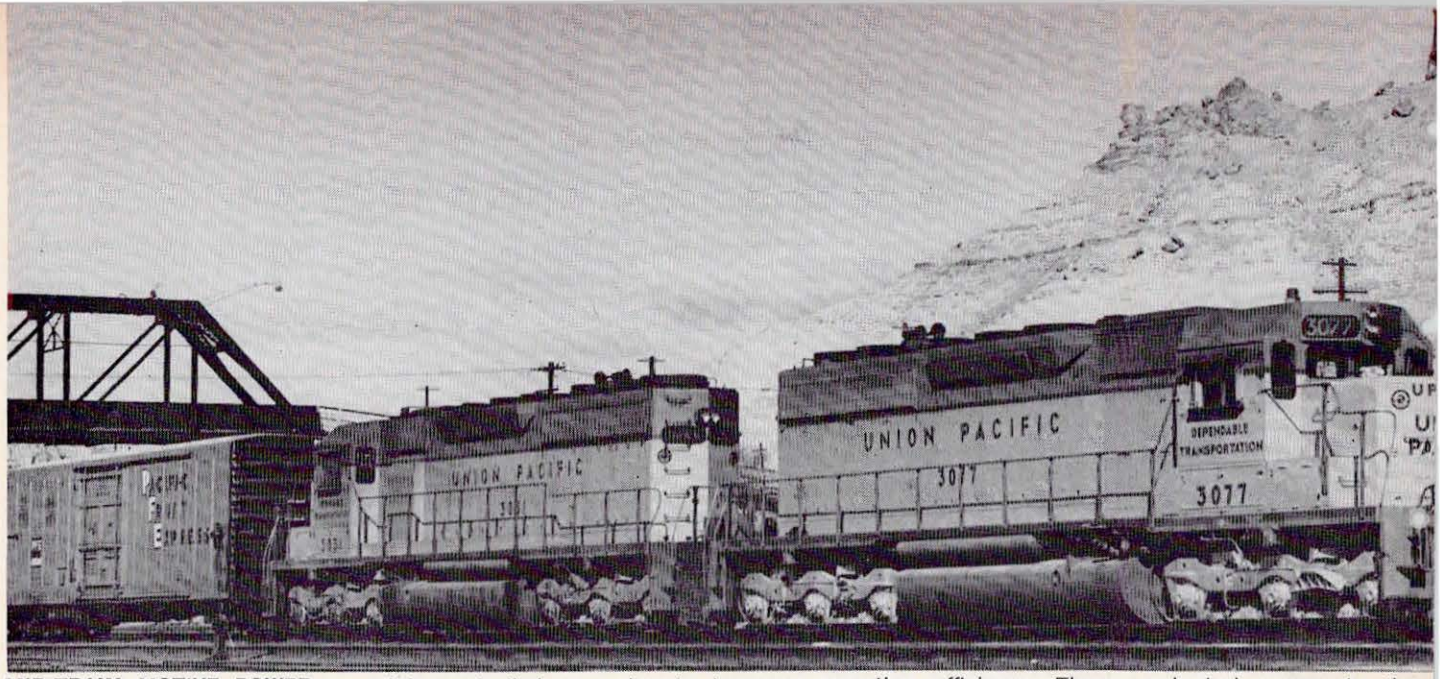

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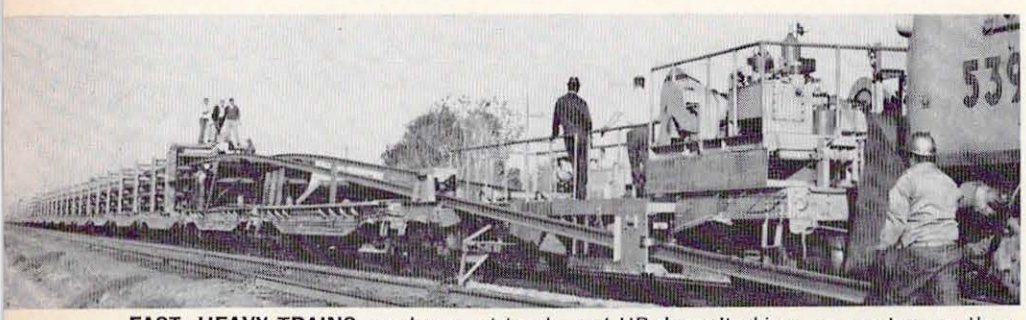

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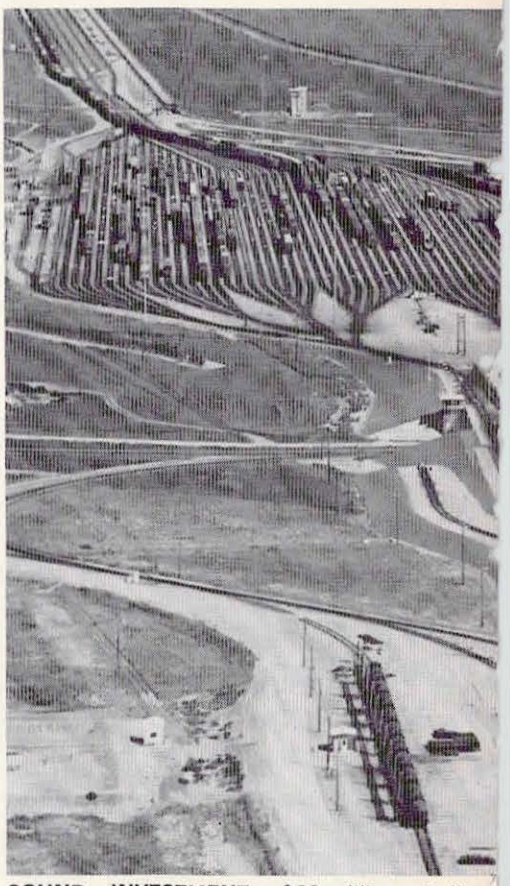

SOUND INVESTMENT: $20-million Bailey

president-operations is cautious, but hopeful, on the benefits that may come from work-rule changes now negotiated. Obviously, there will be expenses involved in implementing the changes—for example, in working out interdivisional runs through home terminals. On the plus side, however, Fox sees gains in the provision under which a crew making a delivery need not fill one track before doubling to another track. He likes the provision by which a road

work of five conventional trains.

Yard, with its $10-million diesel shop.

crew may deliver its train intact to a connecting line: "On a runthrough, we've all had to use a yard crew on the yard-to-yard move. Say the crew just came on duty. They have eight hours to work—and maybe they're not really in a hurry to get that train delivered. But if the road crew goes through to the receiving line's yard? Well, the road crew wants to get the job done and go home."

Fox is also optimistic about the service improvement that may be possible with longer road-crew runs: "Maybe you save only a few minutes on the change of crews itself. But when you consider the time involved in slowing a heavy train and then starting it up again, you have something like 20 minutes on every crew change. Add up the number of changes on a through train, and you come up with a considerable time savings."

Service improvement is not just the responsibility of the transportation people in Fox's department. Service improvement is also what it is all about for Chief Mechanical Officer F. D. Acord and Chief Engineer R. M. Brown. And the programs which they have under way and planned for 1972 reflect this.

● **Mechanical improvements.** Frank Acord, for example, is well along with a multi-phase upgrading of UP's locomotive servicing and repair facilities, a project that began with construction of the North Platte shop and is continuing with conversion of the locomotive department of Omaha Shops to component rebuild. UP is also looking closely at the possibilities of converting aging GP9 units in-house. Like a number of other roads, UP will be needing replacement power in the low-to-mid-horsepower range, 1,750-to-2,000-hp, for yard, road-switch and local-service use. And if the decision is to convert rather than buy new, UP could get started as early as next spring with perhaps as many as 50 units scheduled.

Meanwhile, UP will be acquiring 70 road units in '72, all 3,000 hp, with 50 coming from EMD and 20 from GE. Several considerations entered into the decision to go for what, compared with the 6,600-hp Centennial units, is light power. One prime factor: The development of runthrough operations, and the fact that some connecting lines just cannot handle UP's biggest power.

Runthroughs, Acord notes, are also having their effect in another area—standardization. And, while transportation officers have asked for more uniformity in control-stand equipment and the AAR has adopted a standard for new power, UP's CMO is more concerned with standardization of electrical wiring: In the past, he will concede, UP itself has been a major offender in this respect—but that does not keep him from declaring that today "there are just too many different schematics to have to contend with."

Like mechanical-department officers everywhere, Acord chips in with a tart comment on product quality as it affects both locomotives and freight cars. But he is optimistic about quality-control improvements on power—and he puts a good share of the blame on the railroads themselves for whatever shortcomings there are on cars: "Railroads have a habit of trying to beat the price down—in effect, sacrificing quality for quantity. What we ought to want is a beefing-up of car material so the car will last, and so that a lot of maintenance problems can be designed-out."

As for basic car design, both Fox and Acord can come up with a number of proposals—involving such things as improved truck suspension for high-speed operation, air brake hose connections that won't part when long cars negotiate curves, and brake shoes that promise longer life.

● **Engineers plan for '72.** On the engineering side of the operating department, a number of projects on tap for '72 will also be aimed at providing the plant that makes better service possible—projects that include extensive lengthening of sidings, easing of restrictive curves and improvement of signal systems, in addition to the normal, heavy UP programs in welded-rail installation, tie renewal and surfacing.

The ability to operate at higher speeds and with greater operating efficiency should be the result. Fox points for example, to substantial operating benefits (in good weather and bad) stemming from installation of CTC on the heavy-traffic, double-track Salt Lake City/Ogden line. He notes that siding extensions in several areas are, in effect, creating long stretches of double-track. As for operating efficiency, both engineering and mechanical improvements are enabling UP to make a highly-effective showing with remote-controlled mid-train motive power. In one particular operation in the Northwest, this kind of powering has made it possible to handle with three trains traffic that used to require five—and handle it well. Thus far, UP's operating people have not used the mid-train units in coal or ore unit-train service—but Fox is looking forward to the opportunity. It will present, he feels, just one more way of moving business better.

Bob Brown, UP's chief engineer, says next year's rail, crosstie and surfacing programs will be comparable to last year's. Plans call for slightly more than 200 track miles of new rail, almost all of it in continuous welded rail. Another 36 miles of new rail will be laid in curves and approximately 140 miles of track will be relaid with heavier second-hand rail. Nearly 700,000 new crossties will be installed as replacements and 900 miles of out-of-face track surfacing and lining work is in the schedule.

Union Pacific will press forward on its long range curve elimination program concentrating on the hottest part

of the railroad—the Wyoming division. There, wherever possible, curves are being eliminated entirely, or realigned to a maximum of one degree, 20 minutes, complete with high-speed spirals. When the program is completed UP will be able to run its long, super-powered trains across Wyoming with the throttles wide open.

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Fast, long trains will benefit from reduced curves, lengthened sidings.
—Chief Engineer R. M. Brown

The sales organization has been revamped at home, extended abroad.
—VP Sales and Service W. P. Barrett

Three separate information systems are being developed simultaneously.
—Director MIS J. L. Jorgensen

gets are set, then it becomes a matter of planning strategy as to how each region can hit them.

In looking at '72, UP is cautious, Bob Pettigrew admits to certain reservations about the state of the economy. Some customers, he notes, "are just not overly optimistic."

Walter Barrett comes to similar conclusions: A number of economic indicators seem to be pointing to an upturn—but feedback from UP's far-flung sales force "doesn't give us as rosy a projection as the charts would lead us to expect. So far as the economy is concerned, there seems to be a difference between public utterances from the experts and private conversations with our customers."

A kind of basic conservatism shows through, too, in several other areas. On TOFC/COFC, for example, UP can afford to be enthusiastic. It is outperforming the national averages, it is still doing well in transcontinental Plan 1 piggyback, it maintains a substantial volume of forwarder traffic, and it has seen significant growth in import/export containerization. Studying UP's territory, an outsider might assume that there is good potential for Plan 5 operations.

But the UP looks at Plan 5 proposals very carefully—for economic reasons, of course, but also because UP is concerned about the over-all, long-range effects of such proposals.

Then, there is the matter of rate-making and regulation. With proposals being advanced, through DOT, to tinker with the established committee approach to rate-making and with other proposals calling for abolition of the ICC or its merger with other agencies, UP remains cool. Pettigrew, for one, can generate very little enthusiasm for a system that would turn each railroad loose to go its own way on rate-making. The committee format, he points out, provides for individual action if a railroad feels so inclined—but at the same time it helps to maintain stability in pricing practices. Barrett agrees—observing that "there's nothing to stop anybody from acting on his own, if he has the knowledge and the courage to do it." As Barrett sees it, the most important contribution of the rate-bureau setup may be that "it serves as a forum for the exchange of views on rate proposals." But he will also agree that "perhaps the bureaus have not been used as effectively as possible. Perhaps they haven't really lived up to their potential. And, while the failure of a committee to approve a proposal is not all that inhibiting, disapproval is probably sometimes used as a shield or as an excuse."

Still another area in which UP has been slowly building is that area called training—but this may change, and in a big way. UP has been working with Cambridge Research Institute on departmental studies, and the railroad's own personnel department is thinking in terms of a considerable stepup in training programs with an emphasis on the traffic operation.

● **Target: Growth.** Also getting a stepup is UP's marketing and costing function, the bailiwick of Dr. R. C. Pretti, vice president-marketing, With one element of his group concerned with market investigation and another involved in broad costing programs, Reno Pretti runs a busy team—and his approach is both realistic and optimistic: "As a railroad, we're part of a mature industry, and there are certain relationships we're more-or-less locked into. So it's possible that we may not have growth much exceeding the growth in GNP. But we're sure going to try for it."

Neither the market work not the cost work is markedly different from what a number of other roads are doing. On the market side, for instance, a dozen commodity areas have been set up to cover about 95% of the traffic most important to UP. The significant thing may be that there is follow-through. As Dr. Pretti puts it, "For the first time, we're getting a real grasp of alternatives. We're getting a cost/profit orientation into the sales effort. We're doing risk-measurement. And we're doing post-audit on decision-making. Too many decisions, you know, are made and then forgotten. But if we make a move, we want to know if volume and profitability are up to expectations—and we want a quick reading, so we can make whatever changes might be necessary."

In their work, Dr. Pretti's people are looking at everything from coal to TOFC/COFC, and from the rapidly changing import/export market to problem-traffic that does not yield an adequate return. They are also involved in equipment budgeting, studying data on utilization and profitability of specific types of equipment, making cash flow and yield analyses, and probing the future with market projections over the 15-to-20-year life of the equipment being considered.

UP's vice president-marketing tends to get just a bit impatient with some of the industry's traditions—including the

"RAILROAD THINKING HAS TO BE GEARED TO TRAFFIC THAT IS NOT THERE—YET"

one that says a railroad should wait for a market to develop and then see how, or if, it can be served. His instant case-in-point: The market in modular housing. "This could be big," Dr. Pretti argues, "and now's the time to be innovative in transportation service. The modular-home builders right now are debating how they're going to operate, whether they're going to go for centralized plants to maximize transportation. Sure, this is no big market today. But how about tomorrow? This is a situation in which railroad thinking has to be geared to what's not there—yet."

● **Moving ahead with MIS.** If there is one job which has its finger in the whole pie at UP, it would have to be J. L. Jorgensen, director-management information services. Jorgensen operates in a kind of solitary splendor, in the 12-story, $5.5-million modern architecture addition to the massive brick general office building that has served UP in Omaha since 1911. But while he and his staff may be physically removed from the rest of GHQ, while other departments are moving in, what the MIS department is doing will be touching just about every function on the railroad.

In the railroad management-information field, Jorgensen notes a couple of trends. The obvious one is that the old system of cyclical reports is giving way to a more management-oriented system in which the basic accounting requirements are satisfied while management is given a data base from which it can draw what it needs. The second trend may be less obvious—but Jorgensen's studies of other systems show a tendency to emphasize one aspect at a time, and it is this trend that UP is going against. On UP, three principal systems are being progressed simultaneously—COIN, for complete operating information; FICS, for financial information and control; and a comprehensive traffic information system.

The whole development, however, is being advanced in phases. Implementation commitments are made on a six-to-12-month basis. Planners are looking down the line, years ahead, to determine what will be needed and how to get it. At the same time, an interim-results approach is being used in which each step has to show results before the next step is taken.

COIN, for example, incorporates the standard on-line data collection, tracing capability and message-switching capability of similar systems. It is being expanded, to provide for more field input with greater data integrity to satisfy the demands of the operating department for better information. Next summer, UP will be implementing a terminal information system. A joint effort with operating and accounting, the terminal system will integrate operating functions and the clerical functions of the yard and agent. Waybill preparation will also provide for the basic input data to the information system. PICL will be put on the computer too in the UP's Phases I and II.

FICS is also a multi-phase project being developed jointly with accounting and requiring participation from all levels of management. Data collection has been going on for a couple of years—but it is now being tailored more to management needs, as an ICC-accounting orientation is being changed to a management-accounting orientation. With FICS, a number of things will become possible. Answers that are hard to come by today will be made much more easily available. UP wants to be able, for just one example, to pin down unit costs, marry this with other operating data and come up with an exact output on the profitability of a certain train or the profitability of a certain customer's traffic.

Needed: Better cost data

Much the same story could be told about the traffic information system now being devised with the traffic department. UP's file covers five years of waybill data, and all kinds of route and patron and commodity information can be pulled. But, says Jorgensen, the weakness now is in the cost base: "It's not as precise as it should be." What UP hopes to develop is a far more reliable cost base interfaced with revenue accounting information and supported by an operating data base—which would provide almost unlimited data-retrieval capability for decision-making purposes.

● **How TOPS fits in.** Like several other roads—including Burlington Northern and Missouri Pacific—Union Pacific has Southern Pacific's TOPS package and is building onto it. And, while Jorgensen has nothing but praise for the basic design logic of TOPS, he also has no qualms about making the adaptations which UP believes it needs. TOPS, he will note, was designed specifically for SP—and "while there are common functions, things get different down at the nitty-gritty level. On the application side, you do have to recognize problems created by different operating environments."

Is this going to be a handicap to the eventual development of comprehensive inter-road data exchange? Not at all, Jorgensen contends: "You can't prevent individual railroads from going their own way. Needs differ, and the state of the art is constantly changing. You also get involved with basic management policies—for instance, should or should not you set up to permit a shipper to have direct access to your computer? The important thing is that you maintain a common data base so that information can be exchanged without having to go through all kinds of complicated processes. We're going to maintain this common data base, and I think it's safe to say that all roads working with TOPS are trying to do the same thing."

Jorgensen will also point out that UP has a top-level steering committee working on the over-all goals of management-information systems—a committee consisting of Bill Fox, Bob Pettigrew, Controller J. P. Deasey and Jorgensen. "Rapport," Jorgensen says, "is the key. Without the support of these men and Mr. Kenefick, nothing we have discussed would be possible."

And rapport, these days, seems to be the key to a lot of things at Union Pacific. Most of the top-management people at Omaha today came into their present spots within the past several years—and it has been a happy blending, starting at the top with John Kenefick (who left UP in 1952 as an assistant trainmaster and returned 16 years later as vice president-operation) and extending through a veteran, career-UP management team.

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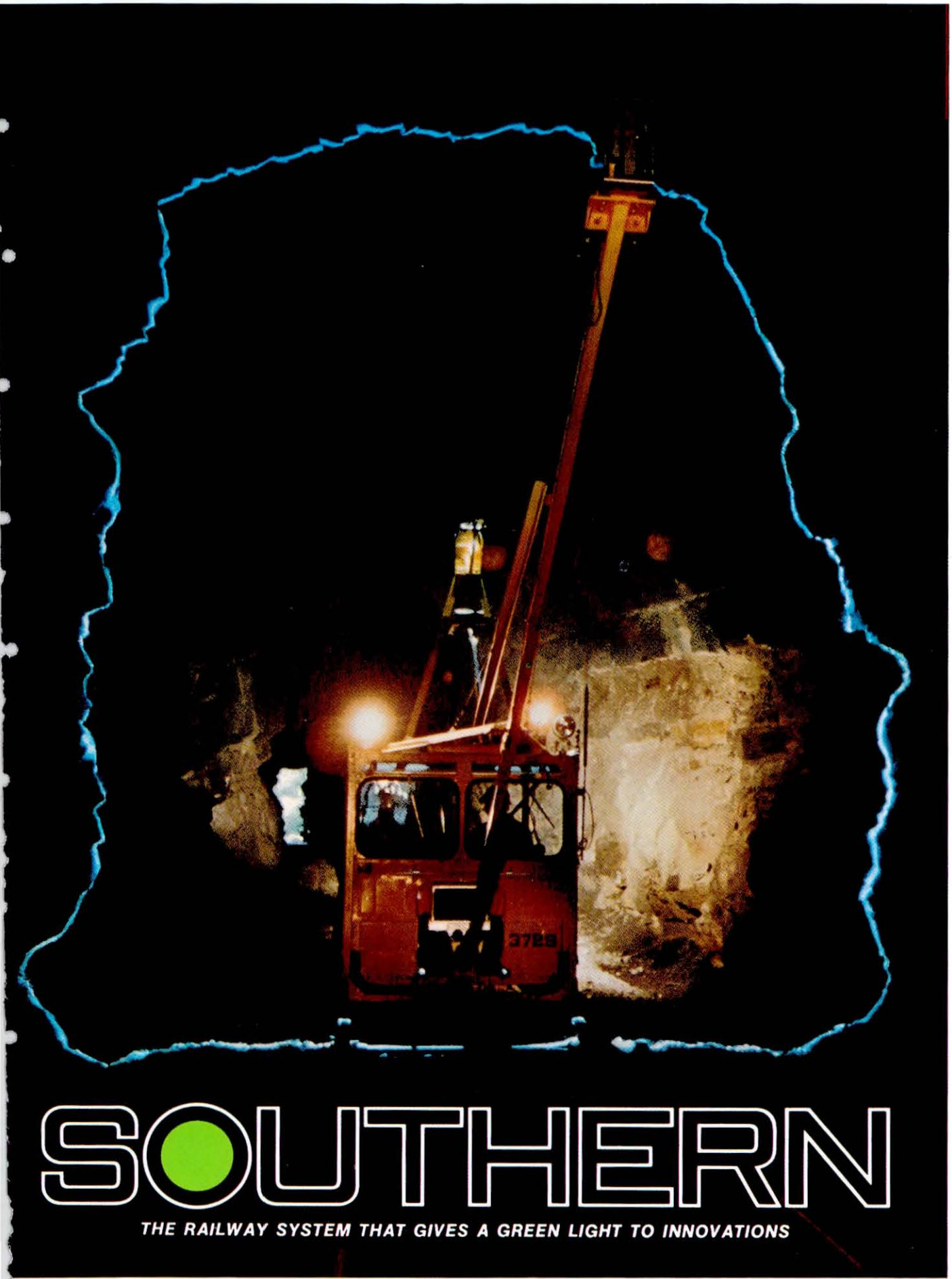

SOUTHERN

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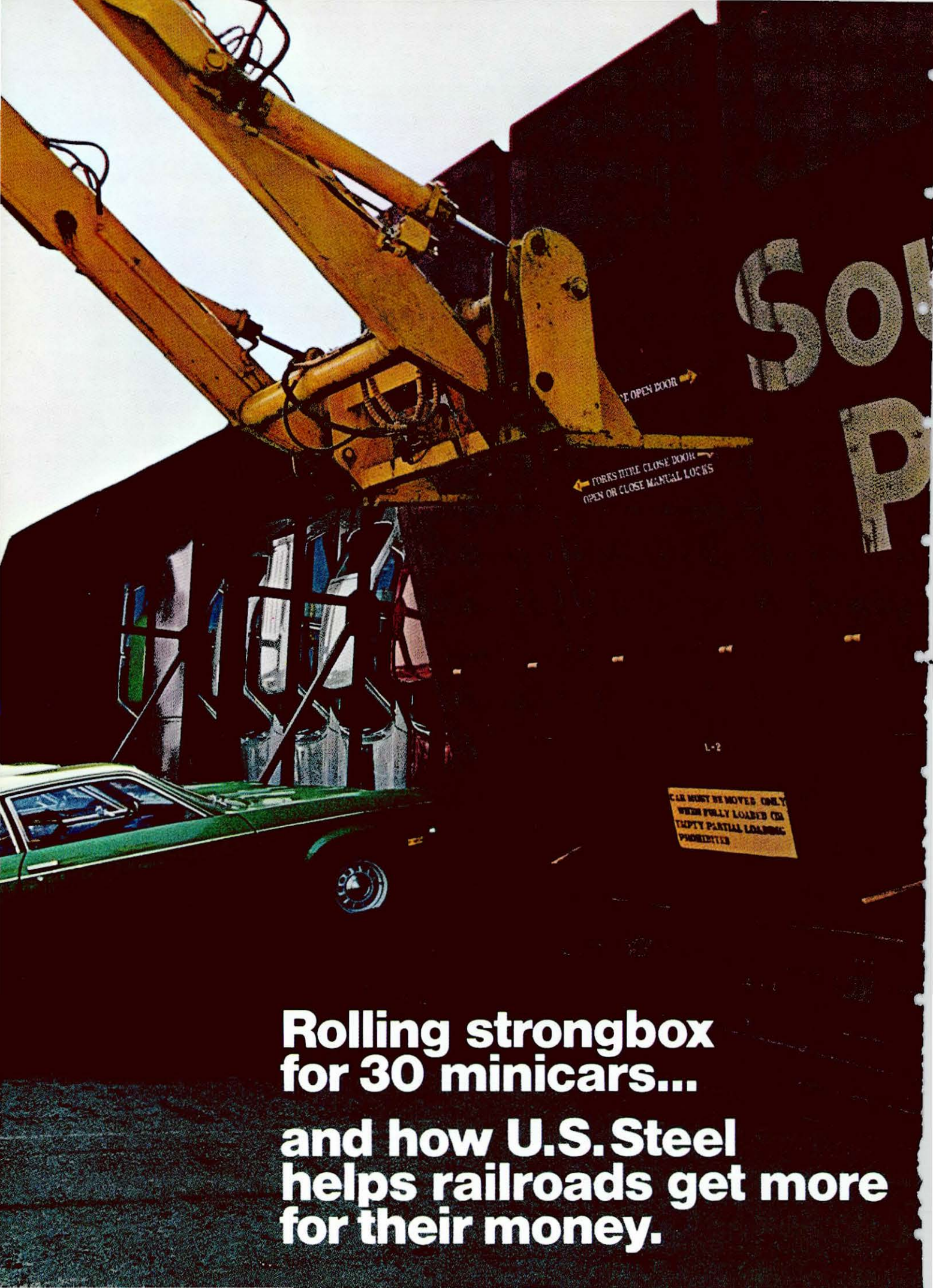

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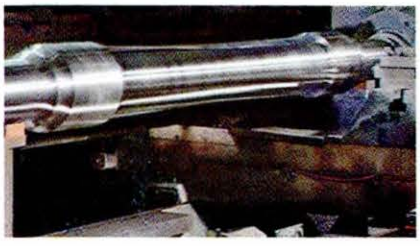

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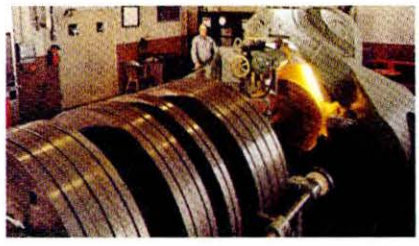

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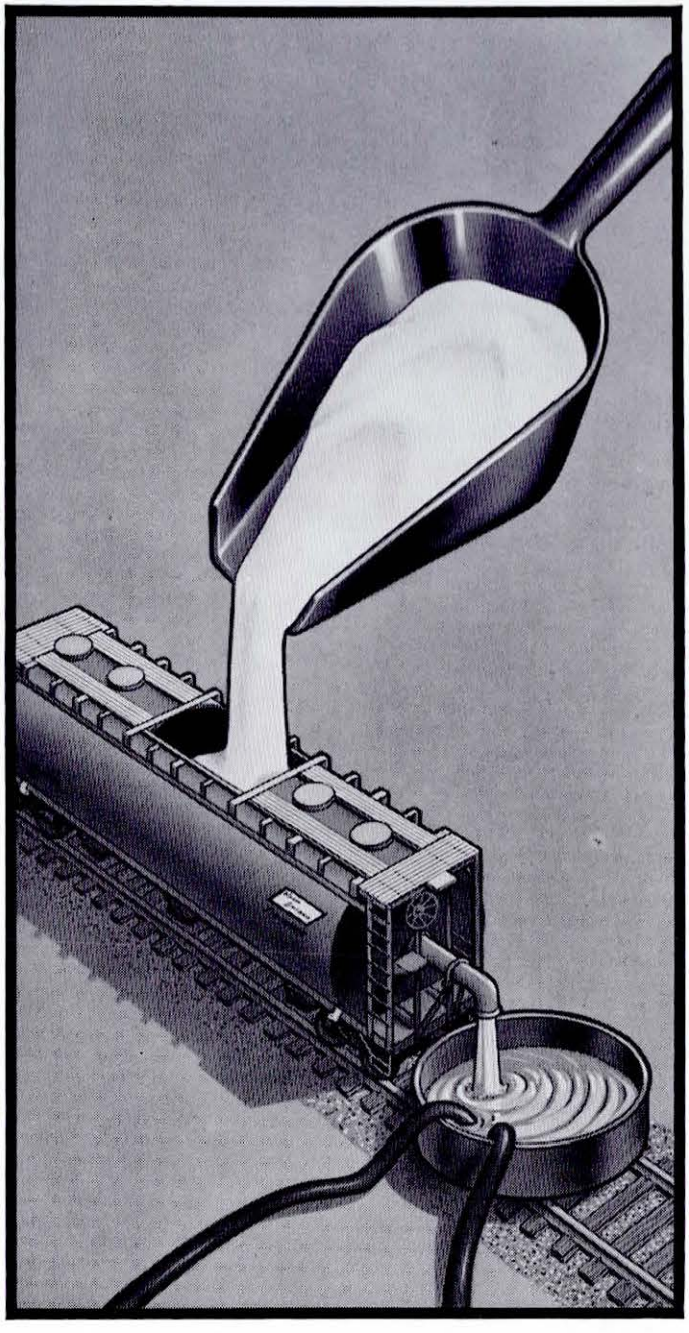
Thurston Greene & Co. finds you can ship sugar dry and unload it wet

■ *Another example of North American Car innovations that turn demanding customers into happy working partners*



■ Sugar shipped in bulk as liquid sucrose is easy to handle, but approximately ⅓ of it is water which costs as much to ship as sugar does.

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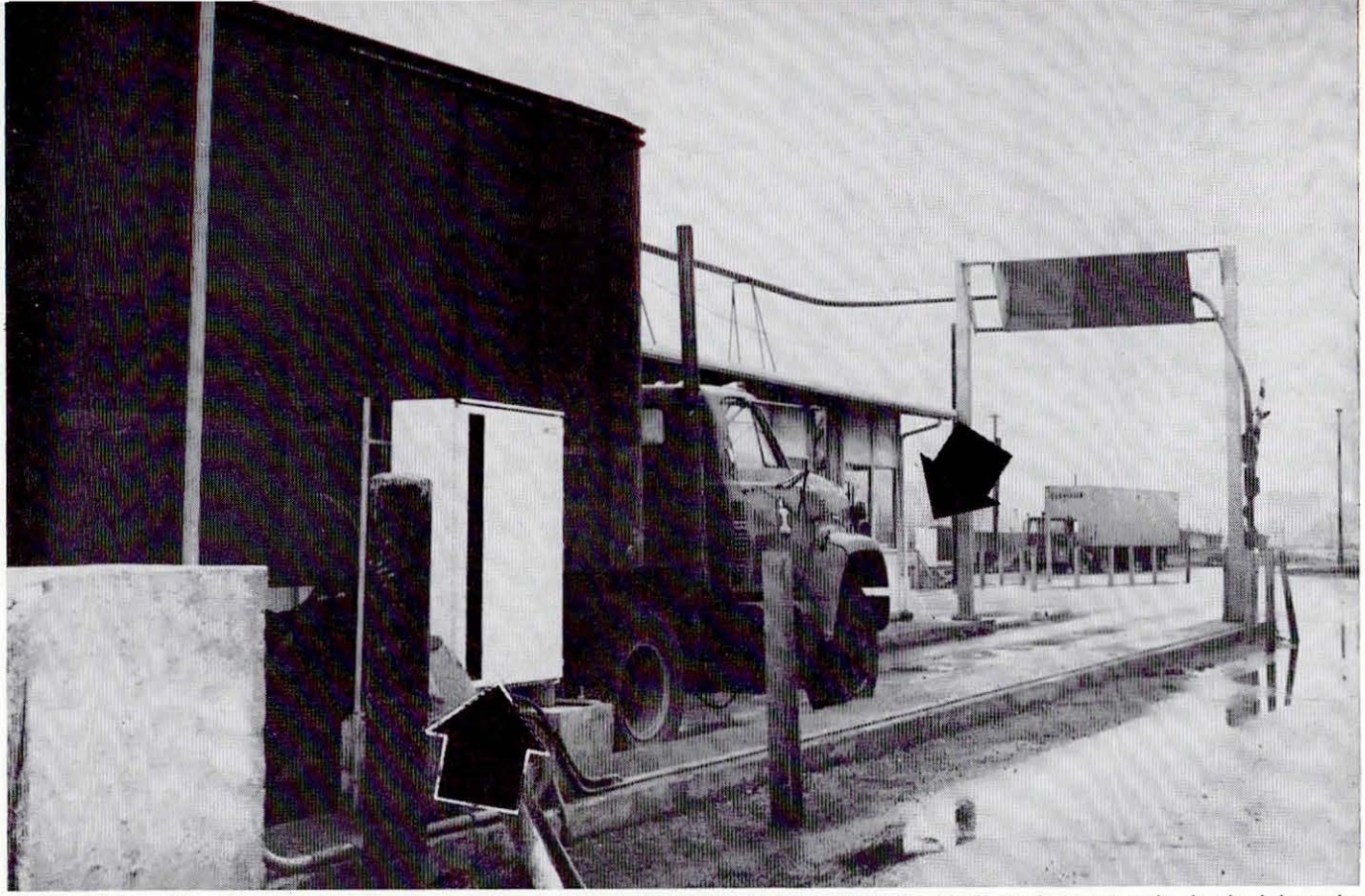


OUTBOUND trailers/tractors are checked by two scanners (foreground arrow indicates one); background unit checks inbounds.

Aci helps Illinois Central control piggyback terminal

On-line, real-time control is the name of the game for TOFC/COFC terminals—not only to keep track of trailers, containers and flat cars, but also to provide improved service to customers and improve utilizaton of equipment. In Chicago at 27th Street and California Avenue, Illinois Central is doing just that—maintaining on-line real-time control of its intermodal exchange (IMX).

Control is obtained through two rail automatic car identification scanners checking trains in and out, and three road aci scanners checking tractors and trailers in and out of the terminal. The five aci scanners are tied into a label-decoding processor (PDP-8E) which feeds data to a minicomputer—a Digital Equipment Corp. DPD-15. Also tied to the computer are seven teleprinters and a visual display terminal (CRT) for the dispatcher.

ACI Systems Corp. engineered, installed and programmed the system which IC leases.

● **Will pay for itself.** "At the terminal level, significant service and operational benefits can be realized from an on-line, real-time data information and control system," says Paul H. Reistrup, vice president-traffic.

Benefits of the new terminal control system—now getting on-line—include labor savings, better control of trailer detention (railroads get money for trailers held longer than a tariff-prescribed free time for loading or unloading), and better utilization of equipment, reports William B. Galligan, project manager on IC's IMX terminal. A big factor in detention is the complex task of detention-charge calculations—some 22 tariffs are used in the computer for applying the calculations.

IC's terminal control system at the Chicago intermodal exchange effectively controls 12 basic functions: (1) trailer and flat car inventory; (2) inbound shuttle and pickup; (3) delivery; (4) trailer reservation; (5) patron release and pickup; (6) inbound gate; (7) parking; (8) programming trailer loadings on flat cars; (9) cartage; (10) trailer repair and credit reclaim; (11) detention and yard storage; and (12) performance measurements.

The control system design is based upon the opening and updating of a "responsibility and performance" record for equipment under the control of IMX. This inventory file includes trailers and containers that are due in, on hand or at customers' facilities. It also includes a record for other terminal resources such as flat cars, container cars, yard and street tractors. Manpower records are kept on yard hostlers and street drivers.

After a record is opened, it is updated to reflect date and time of change of status. The record contains information for controlling and monitoring such operations as patron notification, pickup and delivery operations, received and delivered interchange, programming trailers on flat cars and assigning and distributing trailers. Additionally, records include information for controlling and calculating detention, yard storage, per-diem charges, cartage cost of drivers, and so forth.

Periodically, the computer checks all records to insure that operating and service standards are being met. All failures are reported on an exception basis for corrective action.

● **How the system works.** For an

inbound train, the IMX office receives via IBM 1050 an advance consist in card and hard-copy form from IC's MAIN central computer. This information is inputted to the IMX computer via card reader and is then matched against the aci scanner readout of the inbound train entering the IMX terminal. However, with the advance consist, the IMX computer plans for handling the trailers once the train arrives. The computer produces plans for:

— The number of interchange loads for delivery to connecting-line railroads.

— The number of city loads for delivery, by Plan. The Plan 2 piggyback total projects the number of shipments that may be dropped and the number that must be unloaded.

— Empty trailers by type.

After the train arrives and the computer has matched the aci readout against the advance consist—any discrepancies are resolved by physically checking the flat cars and/or trailers—the computer control system automatically produces the priorities needed to unload the train:

— A "hot" trailer list to start the gantry crane unloading. "Hot" trailers are for immediate delivery, often interchange trailers to make outbound connections on other railroads.

— A list of all trailers eligible for selective unloading including U.S. Mail, bridge traffic with "tight" outbound train connections on foreign-line railroads, and trailers that need special handling because of patron's request.

— A shuttle control list for action by yard hostlers. This will include non-Plan 2 trailers that must be shuttled from the pad area to specified rows and sections within row storage locations. Operating policy restricts "outside" drivers from entering the pad area (adjacent to flat cars) to pick up inbound loads. This policy also reduces time hunting for trailers by drivers.

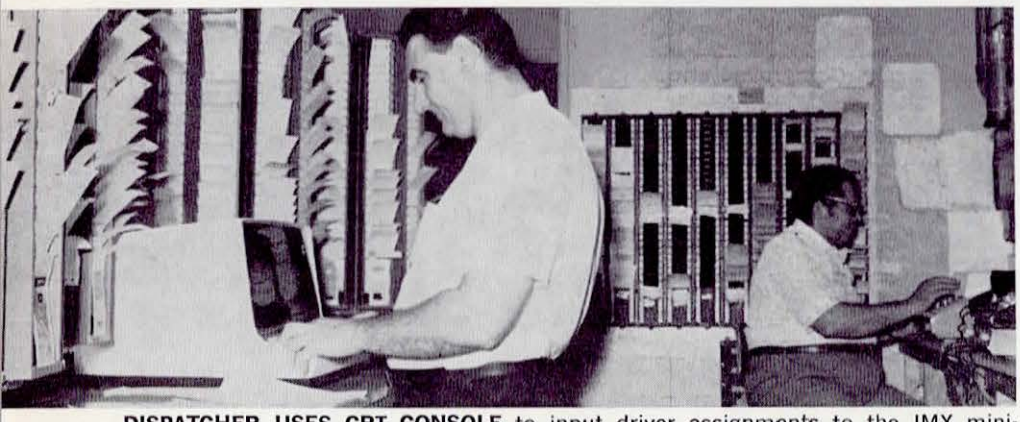
— Patron notification lists, which get industry service clerks working on notifying patrons of available trailers. The list is prepared in patron order of all trailers and containers that have been received, after grounding.

● **Work schedules prepared.** The IMX computer control system schedules delivery work to be performed in accordance with customer requirements, outbound train schedules of connecting-line railroads and work already outstanding. Periodically, the computer will check to insure that patron notification times are entered into the system, that requested delivery times for Plan 2 loads are entered, and that trailers are leaving the terminal on schedule.

For an outbound train, usually leaving in early evening, the computer has been programmed with car blocking plans, and from its inventory of trailers on hand for movement on an outbound train, it prepares a preliminary train load plan which includes the size of the train, the number and type of flat cars in each block and an automatic assignment of space on flat cars for trailers. This is produced early in the day. Next, the yard supervisor makes a switch list for the yard crew. By means of a teleprinter or the CRT terminal (which is a keyboard device), the switch list is inputted to the computer control system.

As trailers are received at the terminal, the aci scanner at the road entrance reads the identity of each. This is sent to the computer, which then assigns a parking space for the trailer and space on a flat car. All trailers for trains being loaded are sent directly from the gate to the pad area. Waybill information which provides for trailer destination data is obtained from IC's MAIN central computer.

When the train leaves the IMX terminal, aci scanners provide the outbound check, and the consist and departure time are transmitted to the MAIN central computer.



DISPATCHER USES CRT CONSOLE to input driver assignments to the IMX minicomputer. The keyboard unit (rear right) is used to input data about trailers.

● **Gate control too.** At the highway entrance to the IMX terminal are three aci scanners. For inbound tractors and trailers, there is a single driveway monitored by one scanner at the throat before the entrance to the two inbound lanes. Under the worst case conditions, the average time to process a trailer at the inbound gate is less than two minutes. On the outbound side, there are two lanes, one with a scale for those trailers that must be weighed. Each lane is covered by an aci scanner. Conventional automatic parking-lot-type gates are at each driveway. Normally they are down, blocking passage. The scanners are located in approach to the gates so that identity of tractor and trailer with aci labels is obtained before the driver reaches the gate. At the gate location are talkback loudspeakers providing communication between drivers and the IMX office.

An arriving driver, without leaving his cab, announces his arrival and informs the office that he is delivering a trailer and/or picking one up. The aci will identify his delivering trailer and he announces the trailer he is to pick up. The inbound gate clerk, using a teleprinter, requests the computer for parking space data on the inbound trailer as well as the parking space location of the trailer to be picked up. He then informs the driver via the speaker system so he can deliver one trailer and pick up another.

For outbound trailer movement via highway, aci scanners identify the tractor and trailer and will cause the gate to be raised it if is correct to do so. A manual gate override is provided so the clerk in the office—who can see the entrance—can keep the gate closed if required (driver may have picked up the wrong trailer). On outbound trailer moves, foreign drivers come to the IMX office to receive their delivery papers. For IC tractor drivers, conventional practice is to give them their delivery papers when they enter at the inbound gate because they are more familiar with procedures.

The IMX computer system has been one of the biggest aids in keeping outbound piggyback trains on time, reports J. R. Brady, district manager, intermodal operations. "Cut-off time for train 51 is 6 p.m. and it leaves at 6:40 p.m., which doesn't give us much time for loading. The IMX computer system provides us with a train loading plan as early as 11 a.m. or so. We have most of the train loaded with pigs near cut-off time. Thus, we only have to load last-minute trailers.

"For inbound loads, the IMX computer system gives us prompt delivery information so we can get trailers out to customers promptly," Brady says. ■

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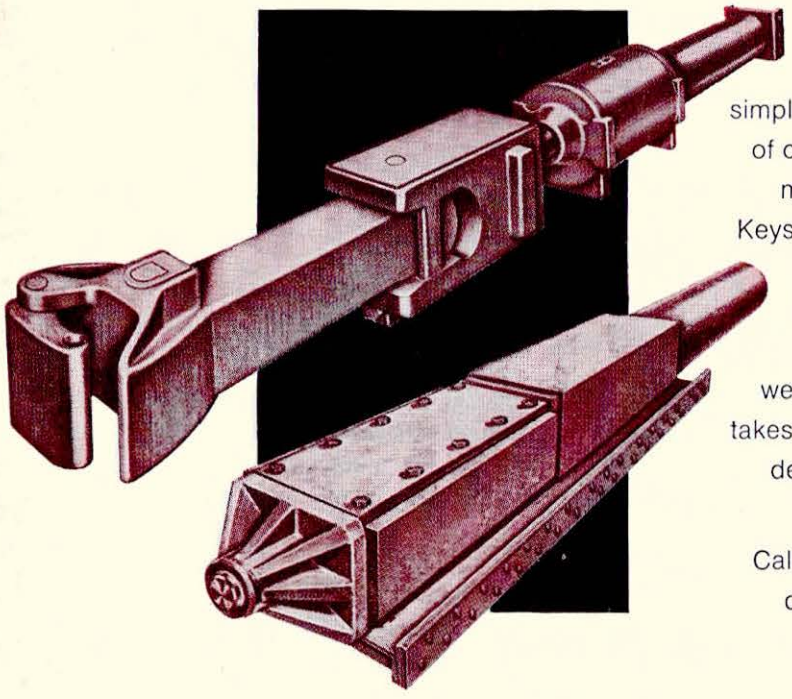

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Third Quarter and Nine Months' Figures of Calendar Year 1971

(Dollar figures are stated in thousands: i.e., with last three digits omitted)

Name of Road		Average mileage operated during period	Operating Revenues: Freight	Pass.	Total 1971	Total (inc. misc.) 1970	Operating Expenses: Maint. Way and Structures: Total 1971	Total 1970	Deprec. and Retirements	Maint. Equipment: Total 1971	Total 1970	Deprec. and Retirements	Traffic	Transportation	Total 1971	Total 1970	Operating ratio 1971	Operating ratio 1970	Net from railway operation	Railway tax accruals	Net Railway operating income 1971	Net Railway operating income 1970
Akron, Canton & Youngstown	3 mos.	171	1,723	—	1,805	2,039	348	366	22	451	351	126	92	835	1,829	1,662	101.3	81.5	—23	227	—84	107
	9 mos.	171	5,331	—	5,553	5,680	1,159	990	67	1,261	995	380	277	2,249	5,311	4,748	95.7	83.6	241	672	208	471
Ann Arbor	3 mos.	299	2,527	—	2,769	2,813	711	277	21	531	515	121	59	1,387	2,802	2,291	101.2	81.4	—33	205	—443	117
	9 mos.	299	7,509	—	7,910	7,417	1,285	719	65	1,540	1,377	371	163	4,197	7,492	6,373	94.7	85.9	418	608	—877	—173
Atchison, Topeka & Santa Fe	3 mos.	12,903	184,246	79	193,658	187,114	29,390	29,522	2,619	37,184	38,617	10,920	4,281	65,823	144,554	156,552	74.6	83.7	49,104	20,745	23,089	8,491
	9 mos.	12,903	548,292	4748	583,957	551,897	89,342	86,619	8,064	115,416	112,240	33,017	13,743	207,611	452,943	455,200	77.6	82.5	131,014	55,468	60,490	30,941
Baltimore & Ohio	3 mos.	5,552	118,130	187	123,784	123,579	16,000	14,900	1,973	20,382	19,440	2,813	3,225	45,571	93,121	92,426	75.2	74.8	30,663	8,797	7,539	5,748
	9 mos.	5,552	369,589	934	386,950	360,889	49,200	44,300	4,551	63,501	58,527	8,523	9,440	143,050	289,603	275,826	74.8	76.4	97,347	27,227	24,838	15,794
Bangor & Aroostook	3 mos.	543	2,369	69	2,530	2,687	703	804	70	1,061	1,150	436	80	824	2,847	3,333	112.5	124.0	—317	267	399	—260
	9 mos.	543	9,090	203	9,522	10,203	2,595	2,753	200	3,212	3,630	1,312	234	3,110	9,792	10,892	102.8	106.7	—270	900	1,718	521
Bessemer & Lake Erie	3 mos.	221	13,510	—	14,820	12,532	1,418	1,619	141	2,240	1,410	396	174	3,359	8,232	6,938	55.5	55.4	6,588	3,332	3,149	2,151
	9 mos.	221	36,334	—	39,436	31,475	3,998	3,789	418	6,940	4,973	1,380	508	9,390	23,840	19,603	60.5	62.3	15,596	7,499	7,479	5,947
Boston & Maine	3 mos.	1,497	16,272	1,325	19,383	18,135	2,720	2,632	460	3,119	2,939	600	355	8,337	15,480	15,179	79.9	83.7	3,903	1,527	674	—383
	9 mos.	1,497	48,507	4,190	57,627	53,218	8,715	8,063	1,319	10,133	9,137	1,868	1,060	25,559	48,390	46,319	84.0	87.0	9,237	4,578	—1,070	—3,265
Burlington Northern	3 mos.	23,616	233,565	1,527	245,171	233,648	40,339	38,614	4,034	37,463	38,675	10,886	6,006	94,072	192,740	200,746	78.6	85.9	52,436	21,144	22,681	8,197
	9 mos.	23,614	661,895	9,577	701,861	639,236	106,295	98,150	11,560	122,932	116,098	34,188	17,971	284,213	576,227	557,495	82.1	87.2	125,634	61,564	43,144	17,934
CPR Lines in Maine	3 mos.	234	1,020	77	1,156	1,433	404	305	64	246	218	47	58	727	1,580	1,365	136.7	95.3	—424	91	—852	—250
	9 mos.	234	4,713	163	5,018	5,220	1,167	878	191	1,092	1,053	140	186	2,243	5,134	4,552	102.3	87.2	—116	264	—1,386	—408
Central of Georgia	3 mos.	2,087	13,916	3	14,461	16,786	2,928	2,716	276	2,849	3,044	891	380	4,533	11,545	12,687	79.8	75.6	2,916	1,511	782	1,456
	9 mos.	2,087	49,454	191	51,071	49,374	9,599	8,459	745	8,459	8,828	2,598	1,098	15,010	36,634	38,015	71.7	77.0	14,437	6,811	5,564	4,042
Central RR of New Jersey	3 mos.	591	9,105	1,097	11,990	13,144	1,638	1,822	316	1,963	2,101	317	195	5,898	10,610	11,974	88.5	91.1	1,379	1,180	—788	—2,013
	9 mos.	591	29,111	3,319	39,653	38,022	4,809	5,329	1,328	6,258	6,504	956	642	17,737	32,112	35,506	81.0	93.4	7,541	3,351	341	6,748
Central Vermont	3 mos.	382	2,148	2	2,297	2,230	397	612	56	190	161	14	20	994	1,667	1,874	72.5	84.1	630	177	271	108
	9 mos.	382	6,590	4	6,925	6,743	1,411	1,553	142	613	585	41	60	2,796	5,155	5,229	74.4	77.5	1,770	551	1,399	495
Chesapeake & Ohio	3 mos.	5,067	107,476	6	113,629	112,178	15,200	12,800	1,693	27,180	20,962	6,263	3,182	43,781	95,249	87,476	83.8	78.0	18,381	6,563	6,031	7,216
	9 mos.	5,067	347,863	339	364,069	335,781	47,200	39,350	5,002	75,509	64,279	18,516	9,077	134,601	286,554	266,901	78.7	79.5	77,515	30,311	31,608	27,255
Chicago & Eastern Illinois	3 mos.	643	9,114	—	9,286	8,042	2,087	1,982	61	1,515	1,223	362	312	2,978	7,335	6,420	79.0	79.8	1,952	666	595	276
	9 mos.	643	25,837	—	26,228	22,720	5,274	4,786	168	4,893	4,060	1,087	922	8,799	21,109	19,073	80.5	84.0	5,119	1,362	1,438	—204
Chicago & North Western	3 mos.	10,936	77,732	5,706	86,793	82,614	13,253	12,356	2,734	12,937	12,570	4,176	2,102	35,128	68,171	65,877	78.5	79.7	18,622	6,603	3,994	2,429
	9 mos.	10,998	227,415	16,587	254,939	234,225	36,823	34,580	6,583	40,584	37,656	12,753	6,384	106,221	204,768	192,886	80.3	82.4	50,171	19,439	9,503	3,100
Chic., Milw., St. Paul & Pac.	3 mos.	10,527	70,423	1,384	76,026	72,420	14,228	12,267	1,907	11,958	11,211	3,033	1,978	29,859	62,429	60,895	82.1	84.1	13,597	6,446	720	—2,049
	9 mos.	10,538	203,081	4,790	220,052	208,444	36,705	35,026	4,713	36,532	34,644	9,409	6,033	89,327	181,897	180,078	82.7	86.4	38,154	19,155	59	—8,787
Chicago, Rock Island & Pacific	3 mos.	7,505	69,524	1,210	73,938	67,498	9,376	10,188	375	13,029	11,636	1,711	1,863	29,096	56,998	57,382	77.1	85.0	16,941	5,011	434	—5,397
	9 mos.	7,441	206,842	3,556	219,766	203,597	30,897	29,081	3,594	39,859	33,672	5,160	5,745	89,329	176,893	168,881	80.5	82.9	42,873	15,282	—6,232	—12,803
Clinchfield	3 mos.	309	9,876	9	9,967	9,029	1,252	680	83	1,903	1,475	629	263	2,880	6,605	5,245	66.3	58.1	3,361	831	2,331	2,939
	9 mos.	309	29,039	15	29,316	26,549	3,344	2,260	248	4,943	4,151	1,821	811	8,180	18,244	15,345	62.2	57.8	11,072	2,490	7,422	8,794
Colorado & Southern	3 mos.	692	6,233	—	6,379	4,843	647	713	54	883	795	304	19	2,157	4,082	3,556	64.0	73.4	2,297	818	1,093	407
	9 mos.	692	17,143	—	17,604	14,589	1,768	1,875	162	2,668	2,311	907	59	5,878	11,348	10,171	64.5	69.7	6,256	2,485	2,674	1,715
Ft. Worth & Denver	3 mos.	1,201	5,481	—	5,633	4,477	786	701	77	792	551	115	71	2,652	4,653	4 176	82.6	93.3	980	219	—201	—703
	9 mos.	1,201	17,335	—	17,830	14,522	2,328	2077	229	2,006	1,586	332	215	7,727	13,319	12,002	74.7	82.6	4,511	1,197	603	—249
Delaware & Hudson	3 mos.	718	10,393	1	10,678	11,551	1,595	1,856	129	1,801	2,266	402	379	4,132	8,649	9,917	81.0	85.9	2,029	1,476	225	—39
	9 mos.	729	33,153	144	34,190	34,583	4,620	4,867	357	6,938	6,769	1,217	1,122	13,057	28,024	28,885	82.0	83.5	6,166	4,419	521	662
Denver & Rio Grande Western	3 mos.	1,903	29,297	577	30,326	25,145	3,500	2,641	392	4,223	3,940	1,340	898	9,072	19,310	16,977	63.7	67.5	11,017	5,105	4,826	3,444
	9 mos.	1,903	81,171	877	83,385	72,568	9,252	7,582	1,182	12,710	11,378	3,921	2,712	24,937	54,495	49,414	65.4	68.1	28,891	14,670	12,867	10,250
Detroit & Toledo Shore Line	3 mos.	50	1,655	—	1,812	1,499	207	163	19	319	275	119	67	614	1,326	1,150	73.2	76.7	486	235	194	81
	9 mos.	50	5,469	—	5,878	5,014	613	519	56	963	880	358	205	1,876	4,013	3,704	68.3	73.8	1,865	897	724	408

(Continued on page 44)

BRAKE

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You can be confident that Universal Non-Spin Hand Brakes will provide safe and positive braking.

Model No. 2250 has a top release lever and Model No. 7400-3 has a bottom release lever. These brakes feature immediate or gradual load release. The Model No. 2211 features gradual release only.

All internal parts subjected to wear are manufactured of forged steel. Each part is heat-treated for strength and toughness . . . Brakes will not release under vibration . . . Chain-winding capacity is provided to permit the use of a multiplying lever with sheave wheel. All brakes are certified to meet A. A. R. 1966 Specifications.

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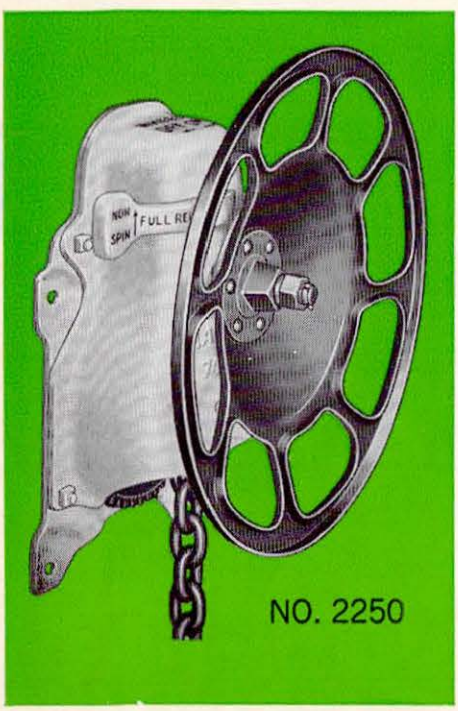
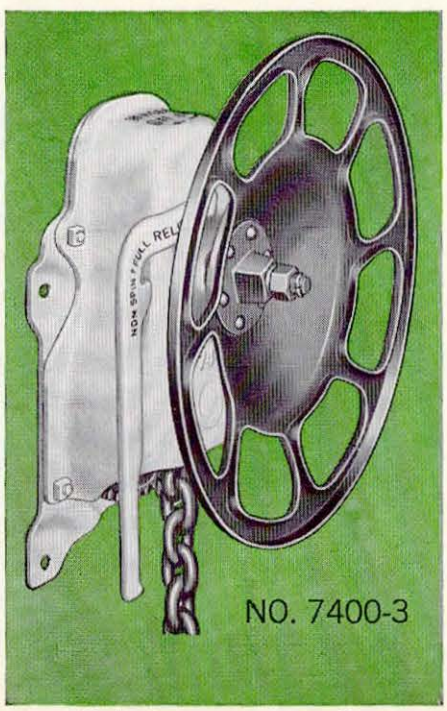
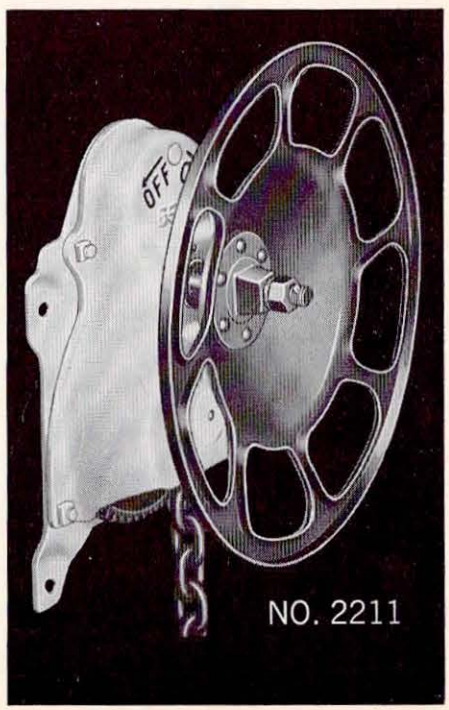
CANADIAN CARDWELL COMPANY LTD. LACHINE 620. QUEBEC







Circle 18 on coupon page 49

REVENUES AND EXPENSES OF RAILWAYS

Third Quarter and Nine Months' Figures of Calendar Year 1971

(Dollar figures are stated in thousands; i.e., with last three digits omitted)

Name of Road		Average mileage operated during period	Operating Revenues: Freight	Pass.	Total 1971	Total (inc. misc.) 1970	Operating Expenses: Maint. Way and Structures: Total 1971	Total 1970	Deprec. and Retirements	Maint. Equipment: Total 1971	Total 1970	Deprec. and Retirements	Traffic	Transportation	Total 1971	Total 1970	Operating ratio 1971	Operating ratio 1970	Net from railway operation	Railway tax accruals	Net Railway operating income 1971	Net Railway operating income 1970
Detroit, Toledo & Ironton	3 mos.	478	8,638	—	9,128	7,857	941	932	101	1,769	1,584	487	235	3,326	6,896	6,161	75.5	78.4	2,232	723	754	553
	9 mos.	478	26,303	—	27,670	23,446	2,667	2,453	300	5,576	4,804	1,626	716	9,881	20,568	18,534	74.3	79.0	7,102	2,166	2,491	1,928
Duluth, Missabe & Iron Range	3 mos.	506	15,652	—	17,256	18,171	1,657	1,532	239	1,584	1,407	603	62	3,531	7,970	7,129	46.2	39.2	9,286	5,434	4,068	4,397
	9 mos.	506	34,322	—	37,524	36,882	4,665	4,232	661	4,955	4,662	1,653	195	9,093	22,330	20,081	59.5	54.4	15,194	9,689	6,344	6,013
Duluth, Winnipeg & Pacific	3 mos.	170	2,674	—	2,709	2,340	410	353	16	263	213	2	63	988	1,786	1,534	65.9	65.5	924	200	565	186
	9 mos.	170	7,988	—	8,090	7,569	1,076	923	49	687	598	7	191	2,793	4,927	4,385	60.9	57.9	3,163	1,167	1,504	848
Elgin, Joliet & Eastern	3 mos.	205	8,679	—	13,330	15,467	1,599	1,742	124	2,027	2,377	563	218	5,151	10,978	11,755	82.4	76.0	2,353	1,565	281	722
	9 mos.	205	33,758	—	51,230	46,656	4,180	4,838	322	6,668	8,141	1,536	651	19,485	37,107	36,486	72.4	78.2	14,123	7,702	3,947	1,519
Erie Lackawanna	3 mos.	2,866	58,162	2,672	65,786	66,686	7,846	8,376	776	11,537	10,937	1,876	1,380	29,449	53,164	54,749	80.8	82.1	12,623	5,217	1,219	—1,347
	9 mos.	2,866	181,547	8,258	203,529	195,152	20,969	22,955	2,290	33,908	31,936	5,537	4,191	91,470	159,288	159,457	78.3	81.7	44,241	15,949	7,507	—1,720
Florida East Coast	3 mos.	554	7,002	—	7,193	6,364	1,695	1,905	198	949	792	306	214	1,772	5,070	5,183	70.5	81.4	2,123	919	98	2
	9 mos.	554	24,168	—	24,668	22,104	7,672	7,353	588	2,837	3,178	825	636	5,612	18,151	18,211	73.6	82.4	6,518	2,223	1,463	265
Georgia Railroad	3 mos.	331	3,095	1	3,223	3,191	489	381	26	443	412	97	113	1,070	2,253	2,070	69.9	64.9	970	135	639	735
	9 mos.	331	9,317	5	9,677	7,950	1,293	1,114	73	1,202	1,182	292	381	3,203	6,549	5,906	67.7	74.3	3,128	454	1,701	1,018
Grand Trunk Western	3 mos.	946	18,420	44	19,683	16,696	3,525	3,975	233	3,267	2,963	135	431	10,767	19,485	19,852	99.0	118.9	198	1,980	—5,421	—10,684
	9 mos.	946	60,406	496	63,881	55,488	9,611	8,887	638	10,239	9,324	443	1,322	32,765	58,375	56,437	91.4	101.7	5,506	6,090	—12,905	—19,188
Green Bay & Western	3 mos.	255	1,970	—	2,053	1,878	393	207	21	241	252	52	132	723	1,640	1,325	79.9	70.5	413	244	35	52
	9 mos.	255	5,835	—	6,038	5,321	838	533	64	755	706	156	397	2,015	4,494	3,850	74.4	72.4	1,543	827	339	183
Gulf, Mobile & Ohio	3 mos.	2,734	26,052	14	27,145	25,912	3,920	3,661	314	5,956	4,900	1,461	1,009	9,003	20,981	20,364	77.3	78.6	6,165	1,939	2,682	1,991
	9 mos.	2,734	76,635	520	80,616	77,925	11,139	10,213	949	17,225	15,477	4,332	2,946	27,022	61,741	59,784	76.6	76.7	18,875	6,372	7,716	6,820
Illinois Central	3 mos.	6,761	80,554	2,611	86,742	85,153	12,993	12,739	1,588	15,590	14,481	3,975	2,136	30,932	67,336	68,488	77.6	80.4	19,406	6,978	7,135	3,622
	9 mos.	6,761	246,142	10,546	267,037	251,162	38,353	36,465	4,764	46,427	43,346	12,063	6,454	97,144	204,662	199,312	76.6	79.4	62,375	25,837	20,931	14,948
Illinois Terminal	3 mos.	395	2,594	—	2,996	2,844	361	339	10	418	415	77	85	1,122	2,217	2,128	74.0	74.8	779	312	296	29
	9 mos.	395	8,173	—	9,394	8,665	1,047	955	30	1,259	1,298	238	255	3,381	6,593	6,574	70.2	75.9	2,801	762	1,435	87
Kansas City Southern	3 mos.	1,667	24,055	—	25,512	24,230	3,757	3,363	249	4,039	4,025	1,215	882	8,487	18,449	17,678	72.3	73.0	7,052	2,110	2,928	2,379
	9 mos.	1,667	72,736	—	76,989	69,894	9,554	8,279	778	12,121	11,255	3,583	2,666	25,984	53,893	48,585	70.0	69.5	23,096	6,939	9,244	7,850
Lake Superior & Ishpeming	3 mos.	117	1,370	—	1,946	2,475	271	251	60	363	430	183	8	560	1,335	1,465	68.6	59.2	611	289	447	362
	9 mos.	117	2,899	—	4,195	5,026	824	722	173	1,065	1,183	546	25	1,393	3,716	3,730	88.6	74.2	479	579	329	468
Lehigh Valley	3 mos.	927	11,014	—	11,330	11,663	1,390	1,449	295	2,069	1,805	360	369	5,174	9,907	10,216	87.4	87.6	1,423	946	—1,059	—1,013
	9 mos.	927	34,211	—	35,145	36,578	4,560	4,567	980	6,686	5,431	1,040	1,125	16,259	31,218	31,716	88.8	86.7	3,927	3,006	—4,066	—3,504
Long Island	3 mos.	322	2,458	20,815	24,324	24,624	5,048	3,939	282	7,592	7,183	994	215	17,520	35,030	28,429	144.0	115.5	—10,706	1,676	—13,942	—5,503
	9 mos.	322	7,324	61,897	71,903	71,831	13,850	11,426	844	22,236	21,427	3,106	544	52,401	97,873	84,275	136.1	117.3	—25,970	5,285	35,534	—19,767
Louisville & Nashville	3 mos.	6,403	111,363	2	113,802	104,566	18,142	15,176	1,391	21,384	19,935	7,602	2,478	39,795	87,997	81,826	77.4	78.3	25,805	8,529	14,927	12,575
	9 mos.	6,176	325,227	284	333,383	299,198	54,758	42,925	8,174	65,241	59,985	22,831	7,797	120,186	265,679	239,560	79.7	80.1	67,704	21,896	33,020	28,902
Maine Central	3 mos.	921	6,591	—	7,005	6,219	1,405	1,303	100	1,393	1,152	284	123	2,375	5,697	5,390	81.3	86.7	1,308	523	681	31
	9 mos.	921	20,804	—	21,760	19,563	4,199	3,825	284	4,467	3,886	827	365	7,463	17,737	16,839	81.5	86.1	4,023	1,539	2,065	273
Missouri Illinois	3 mos.	333	1,762	—	1,788	1,685	441	271	8	731	763	347	47	383	1,668	1,586	93.3	94.2	120	394	640	688
	9 mos.	333	5,569	—	5,633	5,389	943	919	25	2,026	2,236	1,038	144	1,136	4,512	4,902	80.1	91.0	1,121	1,567	2,349	2,315
M-K-T Lines	3 mos.	2,609	17,742	—	18,460	17,790	2,779	3,020	459	2,254	2,176	338	833	6,883	13,599	13,677	73.7	76.9	4,861	1,360	—128	—517
	9 mos.	2,609	53,170	—	55,117	51,749	8,696	8,163	1,295	6,726	6,403	1,023	2,550	20,027	40,545	39,990	73.6	77.3	14,572	4,067	293	—2,613
Missouri Pacific	3 mos.	8,902	102,069	3	106,790	94,666	15,855	13,456	1,261	19,017	15,244	4,035	2,331	38,098	79,129	69,787	74.1	73.7	27,662	6,646	10,319	8,413
	9 mos.	8,903	298,504	144	312,021	278,057	45,314	40,694	4,496	54,048	45,416	11,941	7,020	110,910	230,533	206,175	73.9	74.2	81,488	20,897	27,713	23,637
Monon	3 mos.	Merged with Louisville and Nashville July 1, 1971																				
	9 mos.	"	"	"	"	"	"	"	"	"	"	"										
Monongahela	3 mos.	193	1,552	—	1,562	1,183	376	338	32	154	184	19	3	367	942	961	60.3	81.2	619	8	362	—95
	9 mos.	193	5,118	—	5,199	4,118	1,069	948	144	475	551	59	9	1,183	2,857	2,983	55.0	72.4	2,342	201	1,451	71

(Continued on page 46)

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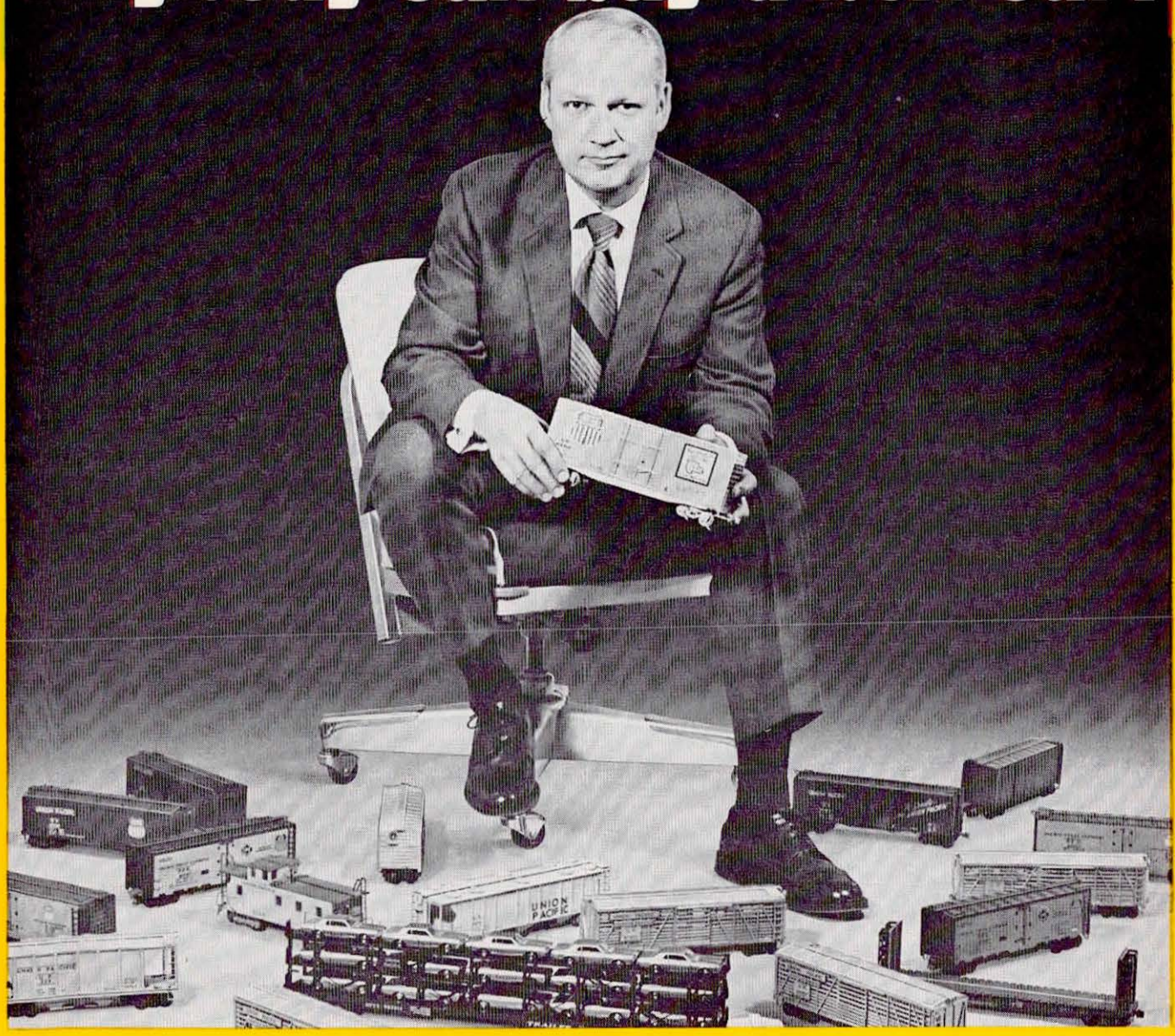

It's what happens AFTER the buy that counts

And you can count on our people — the performance-minded people at Union Pacific — to keep the cars moving to make sure shippers have the types of cars they need when they need them. You can depend on the U.P. folks to keep their 71,000 freight cars working to your advantage.

Whatever your shipping requirements may be — your best bet is to be specific and call Union Pacific — right now!

UNION PACIFIC

UNION PACIFIC RAILROAD

Third Quarter and Nine Months' Figures of Calendar Year 1971

(Dollar figures are stated in thousands: i.e. with last three digits omitted)

Name of Road		Average mileage operated during period	Operating Revenues: Freight	Pass.	Total (inc. misc.) 1971	1970	Operating Expenses: Maint. Way and Structures: Total 1971	1970	Deprec. and Retirements	Maint. Equipment: Total 1971	1970	Deprec. and Retirements	Traffic	Transportation	Total 1971	1970	Operating ratio 1971	1970	Net from railway operation	Railway tax accruals	Net Railway operating income 1971	1970
Norfolk & Western	3 mos.	7,595	163,527	45	170,476	180,489	21,199	21,202	2,731	33,105	30,947	13,125	3,983	58,967	126,763	130,755	74.4	72.4	43,713	11,604	25,920	27,174
	9 mos.	7,595	548,728	467	569,528	542,150	64,461	58,507	7,924	102,431	94,322	39,045	12,217	193,518	402,169	392,088	70.6	72.3	167,359	54,406	91,243	80,704
Norfolk Southern	3 mos.	624	3,306	—	3,378	3,275	561	542	75	592	538	180	155	1,138	2,730	2,635	80.8	80.5	648	264	224	158
	9 mos.	624	10,489	—	10,720	9,773	1,976	1,814	241	1,715	1,527	540	478	3,402	8,467	7,856	79.0	80.4	2,254	808	828	424
Northwestern Pacific	3 mos.	323	3,322	—	3,353	2,449	826	704	64	72	218	3	23	932	1,952	1,917	58.2	76.7	1,401	248	704	—112
	9 mos.	323	9,033	12	9,102	7,333	2,408	2,235	196	235	555	10	66	2,835	5,879	5,823	64.6	79.4	3,223	677	1,205	—606
Oregon Electric Ry	3 mos.	186	1,728	—	1,787	1,398	195	196	20	38	37	—	6	533	804	784	45.0	56.1	983	329	275	19
	9 mos.	186	4,745	—	4,984	3,896	696	600	67	208	116	—	17	1,541	2,560	2,373	51.4	60.9	2,425	731	516	—27
Penn Central	3 mos.	20,278	372,477	12,226	430,186	419,068	66,120	55,260	7,888	77,760	77,945	14,641	4,997	200,210	373,957	384,121	86.9	91.7	56,229	36,400	—36,986	—55,727
	9 mos.	20,278	1,169,188	60,571	1,358,692	1,277,465	193,637	164,852	23,622	270,553	242,761	44,966	14,667	637,407	1,192,875	1,178,613	87.8	92.3	165,816	110,406	—117,117	—166,549
Penn Reading Seashore Lines	3 mos.	314	2,255	53	2,556	2,368	455	531	54	324	373	33	18	1,562	2,478	2,530	96.9	106.8	78	177	—578	—927
	9 mos.	314	6,051	100	6,843	6,923	1,576	1,555	287	890	1,089	101	54	4,471	7,348	7,585	107.4	109.6	—505	524	—2,466	—3,125
Pittsburgh & Lake Erie	3 mos.	211	8,294	14	9,080	10,395	1,361	1,266	145	3,588	3,045	1,645	179	3,359	9,119	9,058	100.4	87.1	—39	1,989	—	3,232
	9 mos.	211	27,615	44	29,952	30,098	4,250	3,910	515	11,298	9,756	4,929	529	11,036	29,041	27,715	97.0	92.1	911	7,267	—	9,450
Reading	3 mos.	1,206	23,413	2,084	28,551	29,537	4,463	3,949	659	4,882	4,832	1,219	720	12,617	24,552	24,332	86.0	82.4	3,999	2,824	—1,533	—170
	9 mos.	1,209	73,833	6,556	88,765	84,920	13,034	12,541	1,938	15,426	15,228	3,627	2,046	38,450	74,736	74,414	84.2	87.6	14,029	8,249	—1,684	—4,034
Richmond, Fred. & Potomac	3 mos.	118	5,748	—40	6,071	6,350	677	920	119	936	1,005	259	84	1,328	3,340	4,629	55.0	72.9	2,731	1,461	1,293	826
	9 mos.	118	16,989	1,092	19,533	19,919	2,182	2,359	341	2,580	2,973	838	277	5,120	11,472	13,884	58.7	69.7	8,061	4,303	3,832	3,009
St. Louis-San Francisco	3 mos.	4,761	50,275	—	52,724	46,006	7,270	6,008	638	8,829	6,660	2,528	1,753	19,417	39,937	35,560	75.7	77.3	12,787	3,738	5,677	3,742
	9 mos.	4,761	152,420	—	158,869	137,812	21,983	17,701	2,312	25,108	19,375	7,398	5,100	57,945	118,300	105,334	74.5	76.4	40,569	12,750	16,740	13,582
St. Louis Southwestern	3 mos.	1,519	32,244	1	32,723	30,051	4,143	3,306	268	7,108	5,862	2,870	876	11,281	24,280	21,425	74.2	71.3	8,443	4,269	5,355	6,839
	9 mos.	1,519	104,998	1	106,329	92,533	11,331	9,588	819	19,275	16,842	8,532	2,406	33,445	69,002	62,944	64.9	68.0	37,327	17,596	24,562	21,869
Seaboard Coast Line	3 mos.	9,159	121,883	202	126,094	119,719	18,785	16,297	1,554	22,662	22,076	5,972	2,907	43,160	93,043	94,385	73.8	78.8	33,051	9,991	12,575	5,215
	9 mos.	9,192	380,441	6,403	400,125	377,796	56,823	49,709	4,408	71,665	69,584	18,422	9,662	138,451	295,249	288,963	73.8	76.5	104,876	33,840	38,337	23,806
Soo Line	3 mos.	4,703	32,366	—	33,028	30,136	6,263	5,434	319	4,309	3,745	978	872	11,065	23,910	22,398	72.4	74.3	9,118	3,516	2,970	2,270
	9 mos.	4,700	90,261	—	92,088	84,270	15,510	13,768	998	12,602	11,358	2,854	2,578	32,403	67,185	63,531	73.0	75.4	24,903	10,064	7,764	6,050
Southern Railway	3 mos.	6,026	87,823	841	91,776	99,092	15,343	13,945	944	18,951	18,178	6,743	2,243	28,931	70,568	72,106	76.9	72.8	21,208	9,867	8,820	14,425
	9 mos.	6,026	299,511	2,283	312,525	296,075	46,975	42,126	3,279	56,740	53,727	19,919	6,639	96,480	221,841	214,268	71.0	72.4	90,684	35,627	44,519	43,700
Alabama Great Southern	3 mos.	528	9,124	99	9,559	10,746	1,488	1,288	223	2,063	2,073	806	291	2,803	7,241	7,281	75.7	67.8	2,318	1,064	835	1,642
	9 mos.	528	32,423	249	33,815	31,417	5,897	4,921	669	6,227	6,079	2,339	759	8,949	23,511	23,265	69.5	74.1	10,304	3,647	4,543	3,654
Cinn., New Orleans & Tex. Pac	3 mos.	415	13,658	—	14,145	14,929	1,756	2,375	221	3,474	3,249	1,491	462	3,929	10,433	10,613	73.8	71.1	3,711	1,585	2,039	2,957
	9 mos.	415	46,971	2	49,013	43,648	6,149	5,114	671	10,404	9,488	4,362	1,118	12,427	32,177	28,968	65.6	66.4	15,836	6,402	9,870	9,498
Georgia Southern & Florida	3 mos.	454	3,910	—	4,036	4,382	443	463	36	435	387	130	104	1,184	2,354	2,359	58.3	53.8	1,682	312	464	713
	9 mos.	454	13,862	—	14,421	12,932	2,893	1,661	111	1,402	1,084	374	306	3,755	8,915	7,179	61.8	55.5	5,506	830	1,762	1,934
Southern Pacific	3 mos.	11,568	234,422	863	240,283	239,885	32,539	28,084	3,100	49,401	42,215	15,384	4,049	93,874	194,442	188,831	80.9	78.7	45,841	23,371	8,309	12,914
	9 mos.	11,599	739,335	4,564	759,491	704,725	99,351	82,001	7,323	151,111	123,534	45,920	12,275	286,271	593,750	548,133	78.2	77.8	165,742	72,885	53,874	51,074
Texas Pacific	3 mos.	2,134	23,611	—	24,873	22,228	4,049	3,336	332	4,868	4,131	1,509	911	9,473	20,487	18,395	82.4	82.8	4,386	1,382	2,091	1,631
	9 mos.	2,134	73,188	—	76,965	68,067	11,205	9,444	1,108	14,049	12,276	4,363	2,660	29,516	60,572	53,650	78.7	78.8	16,393	5,033	7,951	6,366
Toledo, Peoria & Western	3 mos.	239	2,473	—	2,616	2,569	501	517	21	262	255	61	204	933	2,115	2,056	80.9	80.0	501	238	63	70
	9 mos.	239	7,745	—	8,089	7,647	1,361	1,143	53	784	855	183	623	2,788	6,180	5,905	76.4	77.2	1,908	779	458	299
Union Pacific	3 mos.	9,482	146,034	—9	151,143	175,795	21,827	19,352	2,152	30,861	32,085	13,410	4,326	52,709	119,972	127,800	79.4	72.7	31,171	14,971	17,047	33,611
	9 mos.	9,476	484,169	2,223	505,702	495,451	64,027	55,030	6,152	100,804	95,764	40,037	12,985	174,621	386,322	374,315	76.4	75.6	119,379	52,350	70,160	77,844
Western Maryland	3 mos.	865	11,853	—	12,736	13,734	1,910	1,972	196	2,972	2,766	912	508	4,625	10,965	11,140	86.1	81.1	1,771	497	805	2,117
	9 mos.	865	38,761	—	41,286	40,633	6,114	5,712	599	9,495	9,225	2,731	1,492	14,746	34,622	34,072	83.9	83.9	6,664	2,733	3,321	5,865
Western Pacific	3 mos.	1,187	21,582	—	22,414	17,470	2,879	3,420	287	3,768	3,492	910	810	8,552	17,562	17,145	78.4	98.1	4,842	1,323	2,344	—2,724
	9 mos.	1,187	56,284	—	58,789	50,493	8,456	8,018	865	10,613	10,830	2,814	2,410	22,118	48,235	48,063	82.0	95.2	10,561	4,287	2,801	—4,685

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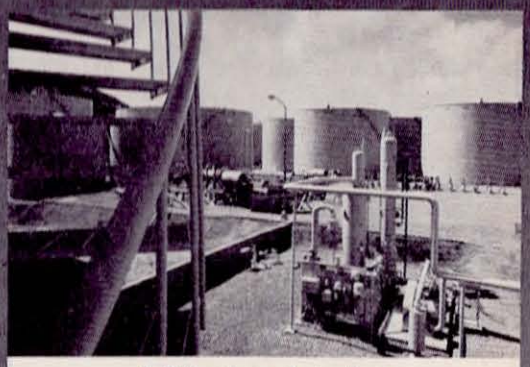
MEMBER RPI

Southern Pacific didn't stop at being a great Western railroad.

Southern Pacific has been a great Western railroad for over a hundred years, but we didn't stop there. Many years ago, to provide even better service for our customers, we added highway trucking services. Then, we began building pipelines which now serve six Western states. (We also operate the world's longest "coal slurry" pipeline.) More recently, we entered the field of leasing (Bankers Leasing Corp.), air freight (Southern Pacific Air Freight, Inc.), intermodal/international transport (Southern Pacific Marine Transport, Inc.), and computer/communications services (TOPS® On-Line Services, Inc.). Of course, we pioneered Piggyback and containerization services in the West, too.

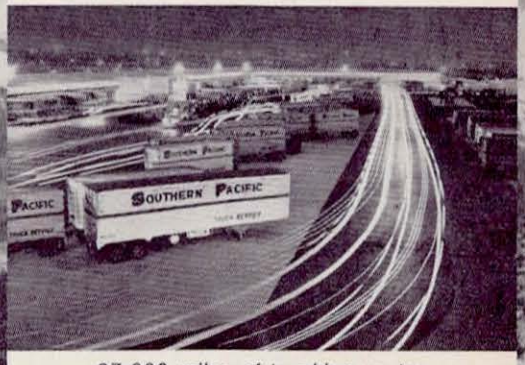
In addition, Southern Pacific operates complete land management services that not only provide the most advanced industrial planning and construction available, but also serve to protect and preserve millions of acres of forest, farm and range land in the West for future benefit and use.

Southern Pacific is proud of its role in serving the West and will continue to strive for sound transportation policies that will help us provide ever better transport services.



2,700 miles of pipeline.

Intermodal marine transport services.



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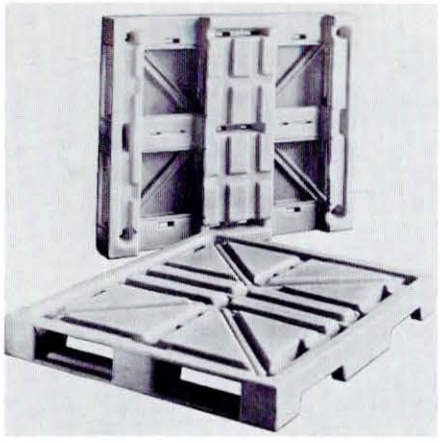
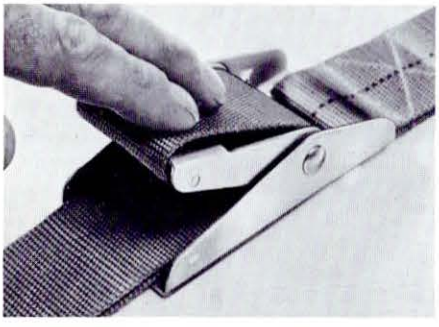
New Products Report



Plastic pallet (RA-1)

The Type 200 PDI high-density polyethylene plastic pallet designed for four-way fork truck entry and two-way pallet jack trucks has a capacity exceeding 15,000 lb, depending on weight of pallet. It is available in weights from 25 to 35 lb and with 11- or 16-in. plywood panels in collapsible ring construction to provide sides and ends. Standard size is 48 x 40 x 5½ in. Special molds can be made to meet most individual requirements. All models are made with plastics and pigments approved for direct food contact by both the FDA and the USDA. *Pallet Development Inc.*

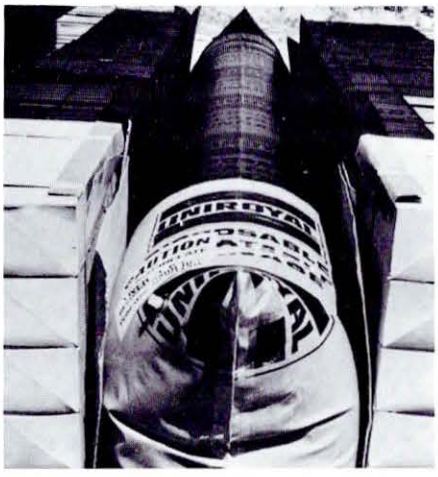


Quick release buckle (RA-2)

The self-tensioning, quick-release buckle added to the LoadLok systems for securing cargo in transit has been fleet tested and found safe and easy to operate, according to the manufacturer. No keeper device is required for positive locking. The buckle's design is said to be such that no strap slippage is possible in operation. The hardware is plated for longer life and cargo is protected because the under surface of the buckle is cushioned by strong nylon webbing. *Kinedyne Corp.*

Trailer door lock (RA-3)

A zero-torque, anti-seize, transverse cam-action lock has been added to the Power Brace line of container and trailer door hardware. The Model DL-CT lock meets ABS and ISO standards. Primary feature of the new system is non-galling, anti-seize bushings for rod guides and guide plates which assure smooth operation of the lock. Bushings will not corrode, creep or distort under extreme conditions. There is anti-rack control in every direction due to the design of cams and keepers. Reverse leverage action as a result of impact loading is eliminated as a result of designing the cam so it moves past dead center in the closed position. A built-in safeguard of the DL-CT lock allows the operator to feel excessive pressure against the door before he has opened it to the point where it could fly open and possibly cause injury. *White Welding & Manufacturing.*



Disposable dunnage (RA-4)

A new line of disposable dunnage offers speed in loading. One man working with a standard air nozzle can install

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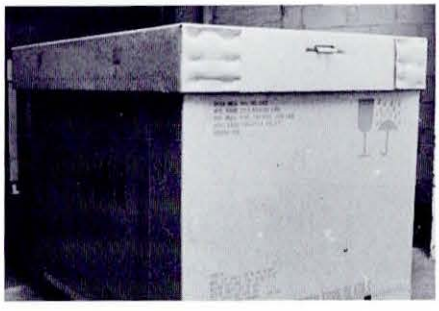
the bag in key empty spaces and fill them to secure the cargo in minutes. At destination, a few well-placed punctures deflate the bags and leave the freight free for unloading. The manufacturer says the method saves the labor cost and trouble involved in rigid bracing and reduces damage claims. Because it can be thrown away after use, the disposable dunnage is a supply item rather than a capital investment.

Each bag is constructed of six piles of 100-lb-weight extensible Kraft paper with a six-mil, air-retentive, elastomer-modified polyethylene liner. The outer ply is coated with a moisture-resistant material. It is inflated through a quick-flow, self-sealing air valve. This disposable dunnage is available in three- and four-foot widths and in lengths from four to nine feet. *Uniroyal, Inc.*

Fire retardant pallets (RA-5)

Polystyrene beads and flame retardant paper, not previously used in the Spur line of lightweight polystyrene pallets, feature the new SE (self-extinguishing) shipping and storage pallets. The reinforced polystyrene construction of the vermin-proof pallets also provides shock absorption. Spur pallets are said to weigh 5 to 10lb; wood pallets, over 60 lb. *Spur Pallet, Inc.*



Pilfer-proof shipping units (RA-6)

A series of pilfer-proof, pallet-based shipping units can carry as little as 100 lb of freight to a maximum of 5,000 lb, depending upon the size of the unit used. Called Containairs, the units are widely used in the air freight industry, although they are increasingly found on piers and in surface transport terminals. Made of wood, plastic and fibreboard, Containairs cost far less than conventional crating. No strapping is required. They are reuseable, stackable in three tiers, and are delivered to the shipper knocked down. The units can be erected in less than 10 seconds. The manufacturer reports a 100% non-pilferage record in over one million shipments, when the units have been sealed. *Containair System Co.*

Emergency lighting (RA-7)

The Lumalenz, a d-c conversion lamp, can be used with low-voltage d-c power in any medium screw base fixture. Its battery/charger system can be concealed in a nearby area while d-c emergency lighting lamps are being installed in existing fixtures that accept medium screw bases. The lamp screws into any medium base socket in place of R-20 or Par 38 lamps.

When installed in an existing fixture, the normal a-c power first must be disconnected from the socket which must be rewired to connect it to the remote battery/charger unit, such as a Lightguard unit, in accordance with standard specifications. The lamp cannot be powered by a-c and is normally dark when conventional lamps are burning.

When a-c power is interrupted causing the normal lighting to fail, the Lumalenz is automatically illuminated by d-c power from the battery system. Emergency lighting is provided to aid building evacuation. Most Lightguard systems automatically turn the d-c lamps off after 90 min, or whenever a-c power returns.

Lumalenz lamps conform to UL standards and are rated for 300 hr of burning life. They are supplied in 6-, 12-, or 32-volt assemblies, corresponding to the voltage of the remote Lightguard unit power source. The 6- and 12-volt lamps are rated at 25 watts. The 32-volt lamp is rated to produce 32 candlepower, using a light stippled spread lens. *ESB Inc.*

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FRISCO

The old Al Perlman dynamism is showing as WP enters what Wall Streeters would call "a turnaround situation"

WP freight moves through the Feather River Canyon. Note th

Western Pacific rides high in the new

By JOE ASHER

You knew all along that when Alfred E. Perlman took over as president of the Western Pacific a year ago things would start shaping up on the WP. But maybe you didn't expect it to happen so fast.

Only it has, it has. Perlman, as no-one needs to be told by now, is one of the most dynamic railroad men around. He pepped up the WP crew, brought in some hand-picked crew members of his own, and the WP numbers are starting to look better than they have for a long time.

Just for starters, the road lost $2.3 million in 1969, then plunged to a $14 million deficit in 1970. Enter Al Perlman as of Dec. 1, 1970. The WP zoomed right back up to a $3 million net profit in the first nine months this year, and will undoubtedly show a nice, healthy figure in black ink for all of 1971. Perlman's own comment: "The first thing was to stop the losses. Now we can start thinking about improvements in a lot of different areas."

Translation: You ain't seen nothing yet.

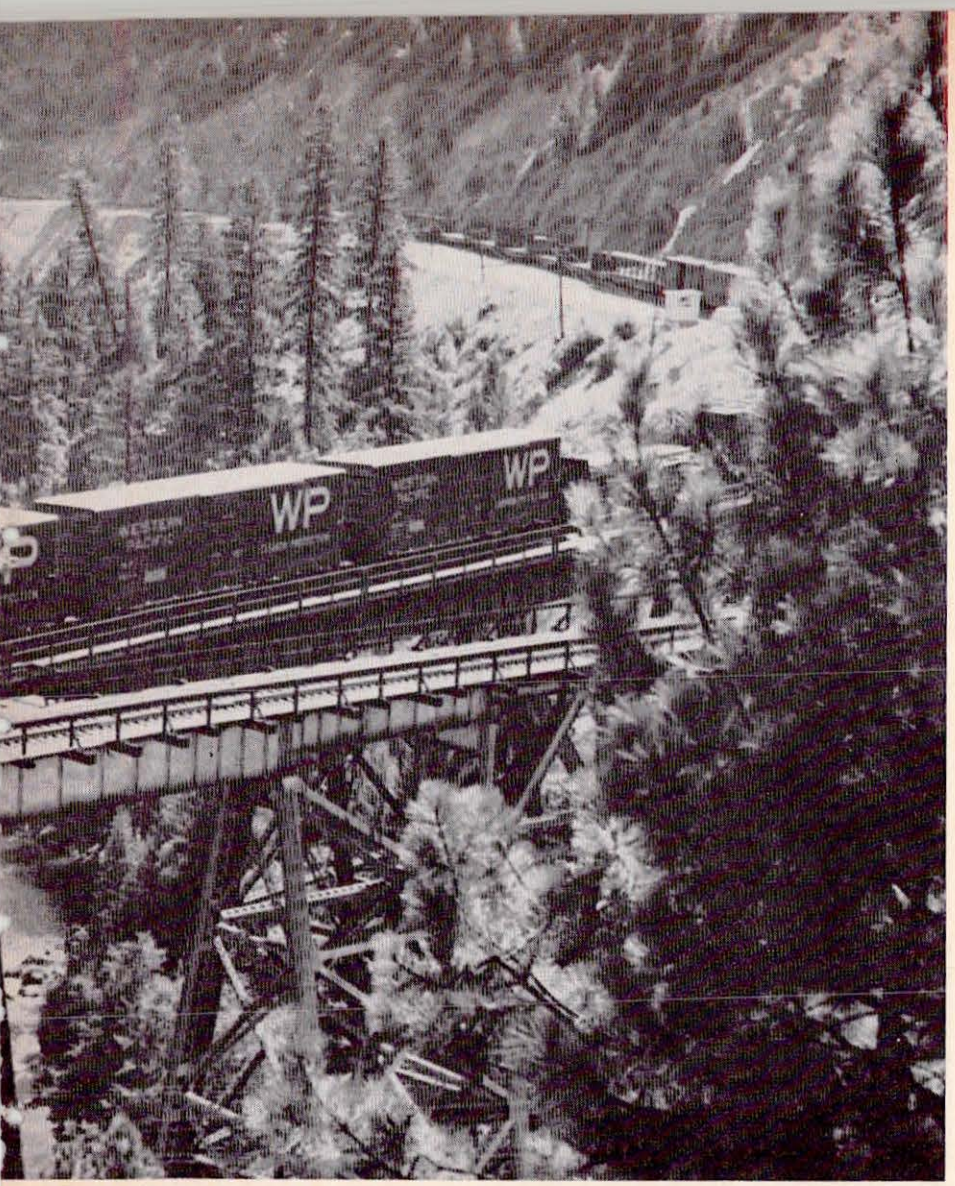
● **A classic turnaround.** Perlman came to the WP, of course, fresh from the wars at Penn Central, where he was first president and then vice-chairman. It's no secret that he chafed at being constantly overruled on policy matters; he had made an enviable reputation as a razzle-dazzle rail executive first on the Denver & Rio Grande Western, then for 14 years as president of the New York Central prior to its merger into the PC.

So when he says, "The WP board asked me if I'd be willing to come out and try to turn it around," you can be sure he leapt at the chance to show the old Perlman wizardry at curing sick roads.

It clearly is working at WP. Call it a classic turnaround, if you like. Perlman himself says: "One man can't turn anything around all by himself. Ninety percent of the job is picking and training a team. When I arrived on the property, I'd say it was physically mostly in good condition, but they had a history of never developing people."

● **Next, a marketing push.** Perlman lists a lot of other unsatisfactory situations he found when he arrived: no good cost records; poor control of freight cars; a poor intermodal setup; not enough attention to safety; and others. What he is saying now is that the most urgent changes have been made on the operating side, and "in 1972, we're going to start in a big way on marketing. First get a good product to sell, then sell it."

Neat summaries, of course, don't do justice to the complexities of change in the real world. Look a little more close-



stretched 50-ft box cars. They're part of a shrewd new equipment program.

Perlman era

ly at those steadily improving WP numbers. Operating revenues were up 17%, on a ton-mile increase of 4.1%, year to year, in the first nine months this year—a nice improvement, but not enough to explain all of the turnaround.

Certain special factors make year to year comparisons a little misleading. For example, WP took a number of big one-shot writeoffs in 1970: almost $2 million to discontinue the California Zephyr (and thus all passenger operations); almost $5 million on sale of securities to raise $12 million in desperately needed cash (the ICC called the road's working capital position "dangerous" at the time).

There were other abnormal factors. A selective UTU strike against competing Southern Pacific benefitted WP for a short time last summer. Both SP and WP were affected by the West Coast dock strike, which dragged on for months this year, and may break out afresh early in the coming year.

So life is never that simple and pat. Nor should it be said that all was bad on the WP prior to the new regime: CTC and welded rail covered pretty much all the property; a program to do the same with microwave was well advanced. But in the words of R.C. Marquis, chief transportation officer, "It wasn't always a lack of good people. It was a lack of guidance and some theme of organization."

● **Cost-cutting.** First, stop the losses, the man said. Part of this was plain old-fashioned cost-cutting. R. G. Flannery, WP's executive vice president (and like Marquis an ex-Penn Central officer brought in by Perlman), says, "I was shocked at the state of the finances here. We started by looking at the expense side. One of the first things we did was to cut 42 men out of our marketing department." Altogether, Perlman and Flannery cut the payroll by 8.5%. (There are 3,100 people on the payroll now; Flannery says more big cuts of the same type are doubtful.)

Then there was the physical plant. A. W. Carlson, chief engineer, says, "We cut our work force between 80 and 90 men, got our own budget officer, and started putting guys in to sit with the dispatchers, monitoring maintenance of way. So we're tamping twice the number of miles with fewer people, and surfacing a lot more track. About 30 miles of new rail, and about 100,000 new crossties are going in this year."

Changes like those immediately pave the way for operating improvements, and D. H. MacLeod, vice president and general manager, describes them: "Two years ago, there was one derailment after another. That's been eliminated. There were 50 permanent slow orders. There are hardly ever more than three or four now."

● **Sprucing up equipment.** Besides a new head man in transportation, there are several new mechanical officers, led off by David Pilkinton, chief mechanical officer. MacLeod describes that change: "It's no longer one third of our locomotives out of service; that's down by 10-15%. The freight-car bad order ratio was 10%. That's been cut in half. We're now maintaining schedules on 75-90% of our trains."

Carlson, MacLeod and Pilkinton were all holdovers from the previous regime, although the two latter were brand new additions, just months before the arrival of Perlman. (MacLeod had been assistant senior vice president for operations, Southern, and then did a stint consulting for the Federal Railroad Administration; Pilkinton had been chief mechanical officer, Katy.)

The point these men make is that they were spurred on, not side-tracked, under the new regime.

Needless to say, after Perlman's arrival on the property, there were some hand-picked newcomers, as well. William J. Day, director of management services, and the boss of WP's computer program, arrived last April from the Denver & Rio Grande Western.

Says Day: "There had to be a complete reappraisal of this department's function. Plenty of data was being generated for basic bookkeeping tasks, like car records, but nothing you could call an advanced management information system. There were reports being prepared, some of them the size of thick volumes, that weren't much use to anybody, and nobody was reading them. So I just scrapped them.

"These days, our work is to enhance the current system, eliminate as much seat-of-the-pants guesswork as possible, and then develop an advanced system."

An obvious priority assignment is

working closely with the controller's office on cost control, for example in car accounting. But little by little Day and his staff are getting into things like analysis of detention time by type of traffic, for example class of movement in interchange—trend information and exception information; more detailed measurements in the marketing area, for example analysis of loaded return cars; motive power accountability; and scheduling of maintenance, so as to iron out peaks and valleys, and look toward the day when major component change-outs could become almost automatic.

Another newcomer is Edward C. Lipman, controller, who came to WP eight months ago, after financial stints at Ford and Borg-Warner. According to Lipman, "The road had switched over to GAAP [generally accepted accounting principles], but was still on an ICC basis internally. The trouble was, it didn't provide enough internal management controls.

"We're getting much better statements now. There's a daily cash report, and a lot of daily reporting, which is new. There's been a change in revenue reporting: It used to be that a car would be on our lines three to five days without our accounting for it. Now, it's 'captured' by our accounting system as soon as it hits our lines."

(That little change boosted freight revenues $337,000 so far this year.)

"We're attempting to do more to isolate costs by function, improve disbursement methods, and make budgeting a lot less informal than before. As of Jan. 1, we expect to have set up a management reporting and control system such as Ford and ITT have. You break down operations to the lowest level and location where a significant function is carried out. It may be as little as ten people, in some cases. This enables you to pinpoint people and dollars of spending by each actual location."

● **"The Pick of The Crop."** Then there's the other class of newcomers on the WP—the men who served under Perlman on the PC, the old New York Central, or both. Flannery was formerly PC systems development vp, Marquis was PC general manager-transportation. R.E. Artusy, WP's director of freight car utilization, held the same job at the PC.

Perlman brushes off any talk of cronyism, and rightly. He long ago made a reputation as a picker and trainer of clever, energetic young men, and cadres of those people are performing well on railroads throughout the country. "People start off by saying that I'm a tough boss" says Perlman. "After a while, they discover that they're getting a helluva lot farther than they ever thought they would."

Perlman the cost-cutter? Yes, indeed. He waves a letter at you. It's from Robert R. Young, dated 1954. Young is expressing astonishment that Perlman could find ways to cut the Central's payroll by 15,000 men in four months, with no loss of efficiency. But there is Perlman, the developer, too, and that side is just as important. He says: "I was always looking to train people and bring them along. I used to have them three deep. So for example when Kenefick [John C. Kenefick, former PC transportation vice president, now president, Union Pacific] left, there was Flannery right behind him."

So no fair-minded outsider will dispute Perlman when he says the men he brought to the WP from his former roads are the pick of the crop.

What are they doing? Flannery is in charge of the overall logistics of the WP. After the initial cost-cutting, which he acknowledges had to be "drastic," Flannery says, "We've pretty well got this property figured out by now. The big job has been completely changing the basics—the ways of moving cars, car utilization, formulating master plans for capital spending, realigning the functions of people."

R. G. "MIKE" FLANNERY is one of the Perlman boys—sharpshooting managers trained by the Old Master himself. Flannery is executive vice president of WP and doing a thorough house-cleaning.

Asked if he didn't feel WP was dwarfed and hopelessly outgunned by competing SP, Flannery shot back: "Size doesn't mean a damn thing. I've worked in bigger organizations than the SP. In a smaller organization, you've got flexibility. The line of communication is so much quicker, you get quicker responses to any problems."

And here's Marquis, the transportation man: "We used to be in dire straits just finding cars, so the car control group was completely reorganized. There were no mass imports of new people, just a new director of freight car utilizaton [Artusy], and he has very specialized knowledge. Since last spring, we've had run-through motive power and run-through trains with the Burlington Northern and Union Pacific. We're trying to do the same with the Rio Grande right now. By pre-blocking trains, we're able to cut anywhere from 12 to 24 hours off operating schedules.

"The per diem situation has turned much healthier. By getting better inventory control of cars, we've reduced car days on line, which automatically reduced per diem.

"We established an off-line car control office in Chicago—something pretty new to the industry. The idea is to try to get returning cars back loaded, not empty. Just in the first month of operation, we saw a 22% improvement in that area.

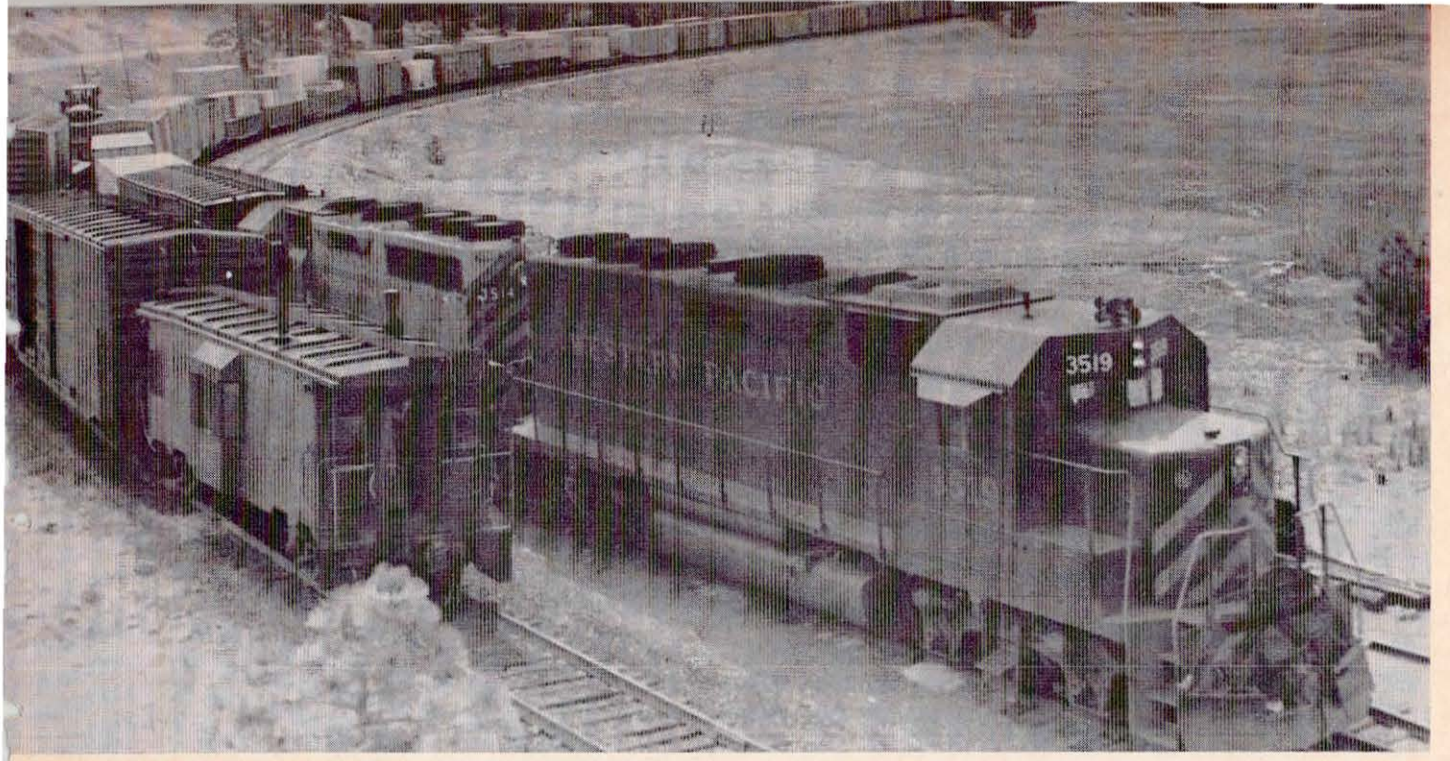
"On the whole, I'd say we've got a good equipment supply, a good mix of vehicles, and the fleet is in pretty good condition, locomotives included. Our working relations with most connecting roads are fine, and all of this is paying off in much better relations with shippers."

● **Better equipment utilization.** There's an interesting point here about the condition of rolling stock, because WP's capital spending is not large, and Perlman doesn't see it expanding much in the immediate future. From a high of $15 million for capital spending in 1968, the figure sank to a scant $2.1 million last year. Instead, the road has turned to getting better utilization of existing equipment, plus lots of leasing.

For example, this year's equipment acquisition program consisted entirely of leased units: There were 18 3000-hp GP-40 diesel-electrics leased from EMD; two 3000-hp U30B units on a conditional sale contract from General Electric. Also leased were 200 boxcars stretched from 40-ft to 50-ft length.

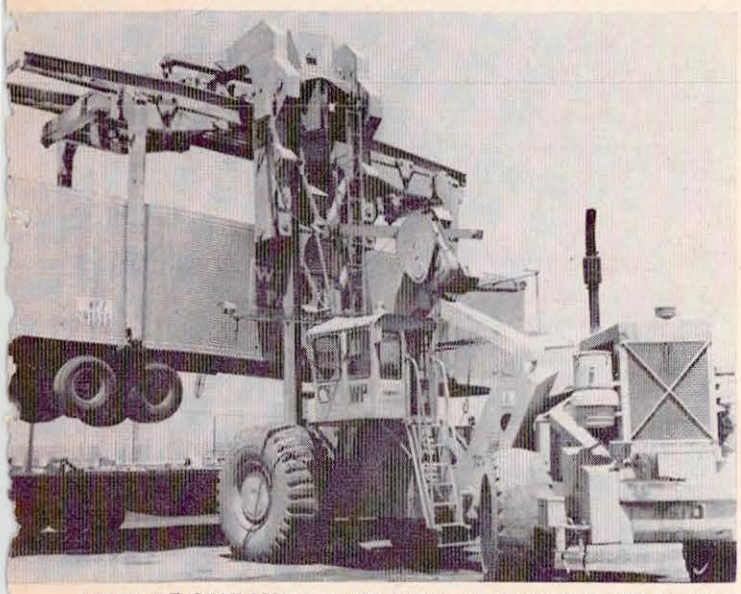
In 1972, WP is ordering 15 2250-hp U23B units from GE, and 76 specialized cars (10 box, 25 covered hoppers, 36 insulated cars, and five low-deck flats). All may be leased.

Leasing is especially telling in intermodal services. WP's ownership of trailers and containers is insignificant, yet the traffic is considerable, and headed for more big growth.

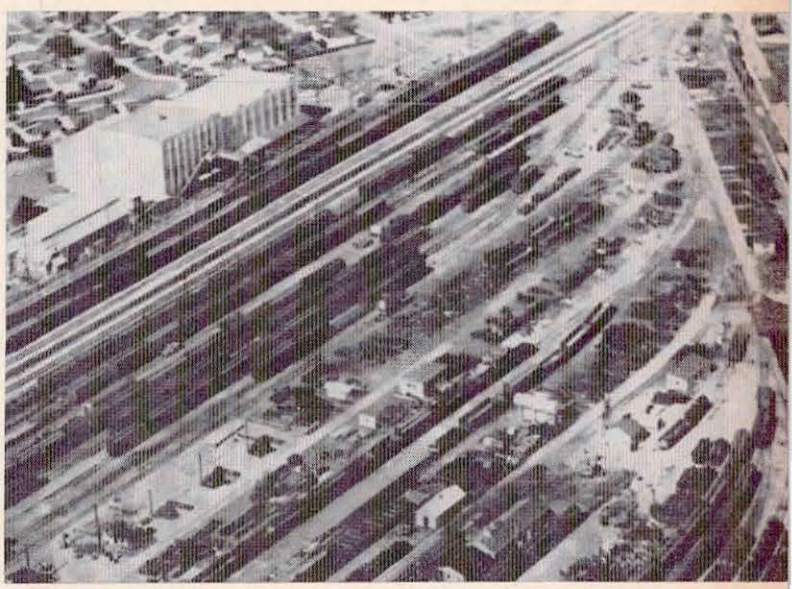


"We've gotten very competitive on schedules," says Perlman. One big reason is pre-blocking freights as far as the Midwest.

Trains run more dependably as the plant is spruced up



PORT OF OAKLAND is a big intermodal terminal with modern facilities. WP car ferries serve San Francisco, as well.



YARDS NEED WORK, Perlman says. Main line still runs through them, as here at Sacramento. They're getting priority attention.

J. W. Burkard, manager of international sales, says, "In our international business, the containers are mostly steamship owned, both US and foreign lines. To this day, the bulk of intermodal traffic still moves in boxes, not containers or trailers. And the Ports of Sacramento and Stockton are set up mainly to handle bulk commodities like grain or ore. But the Port of Oakland is set up much more for container traffic, and there are more ships calling there all the time. As far as the dock strike goes, we were hurting for a while, until considerable tonnage was shifted to Vancouver, then moved to California via the Northern line, through the Bieber gateway. So in spite of the present chaotic situation, I don't feel there's been a real downturn."

WP now has an office in Tokyo, an agent in Honolulu, and reports it is even starting to get Europe-bound intermodal traffic out of the Rocky Mountain states.

Perlman and Flannery promise that WP will get moving in 1972 on marketing. To this end, they just recruited Harry J. Bruce as marketing vice president. Bruce is a young man, with a far older man's list of marketing credits at U.S. Steel, Schlitz and Spector Trucking.

Put these men together, and you've got a team to remind you of the great Perlman teams of the past. Note how improvements in one department kick off improvements in the others and ponder what Perlman says:

"There was never any communication here before. Once a month, the president and four vice presidents would get together for a session called 'future planning,' but that was all. The chief engineer, chief mechanical officer, the financial people, sales people, they never got together. The off-line sales people were never brought in. They didn't know what they were selling, or why. You can be sure that's different now."

It shows. ■

Shippers see better business in 1972

Business will be better in 1972, says an overwhelming majority of respondents to the Railway Age December Traffic Poll. Only slightly fewer predict that their total transportation needs next year will be larger than in 1971.

However, a cautionary note—for railroads—seems to have been sounded by responses to the third question in the Poll. As the accompanying tabulation shows, only 69 respondents believe their total use of rail service will be higher than in the current year. Fifty-five of the shippers say there will be no change in their use of such service, and 20 indicated their use of rail service will be relatively smaller.

High freight rates and inadequate service top the list of complaints registered by the shippers against the railroads. Scarcity of rail equipment and what, in one case, was called its "deplorable condition" also rate high on the roster of complaints.

Here is a sampling of comments from respondents to the December Poll:

"We anticipate greater use of rail transportation during 1972, due to the fact that the railroads are making an effort to be more competitive with other modes of transportation."—W. L. Reid, director-traffic, CF&I Steel Corp., Pueblo, Colo.

"It is quite possible that we may find a greater usage of common motor carrier services. With the recent increases in freight rates, along with the further applications for additional increases, we find in many instances the rail lines are pricing themselves out of the market. This is even true of our transit arrangements, of which we avail ourselves when possible. It must be understood these transit arrangements are predicated on a much higher rate basis which, when increased under the several ex parte levels, results in freight costs that exceed those of for-hire motor carriers of the contract or common carrier of special commodities category.

"Another feature we must examine fully is one of service along with inventory controls, wherein we can move smaller lots by motor carriage at lower cost and better service than we experience from rail counterparts that require much higher minimum weights at higher rates and slower service. Basically, we have been rail oriented because of the tremendous volume of ingredients inbound to our several mills which will, of course, continue, but we find ourselves faced with changing patterns on our outbound distribution methods because of the facts outlined above."—A. E. Leitherer, vice president-traffic, Allied Mills, Inc., Chicago.

"[Our use of rail service] would be larger than it presently is, but many times we are forced to ship truck because we can't get suitable rail cars. The same will apply for 1972. Equipment (40- and 50-ft box cars) is scarce and in deplorable condition."—J. L. Bergen, traffic manager, Uncle Ben's Inc., Houston.

"[My company will put] more emphasis on service than ever before. With cars costing us $23,500 each, we must get a better turnaround. Now that our fleet is computerized, we have the ability to analyze service—not only by routes, but also by railroad, and in some cases, segments of a railroad. Armed with this information, we will effectively handle service failures with the railroads or, failing this, change the routes."—Name withheld on request.

"We are fearful that private carriage will grow tremendously in 1972, unless we as shippers and carriers work hand in hand to hold rail rates and charges down. Shippers are well aware of the increased labor and other costs the rail carriers have and will encounter in 1972. Shippers are further aware that carriers must realize a fair return on their investment. There is something wrong, however, when true private carriage cost is 40% less (based on roundtrip cost factors) than rail costs (based on a one-way haul)."—Miles F. Tamisiea, general traffic manager, Theodore Hamm Brewing Co., St. Paul.

"We contemplate no major policy changes. But in certain short-haul areas we do expect an increasing need for truckload service. This will be due to customer pressure for improved delivery service and smaller loads for reduced inventories, even though premium transportation costs may be involved."—Allen K. Penttila, director of traffic and transportation, Evans Products Co., Des Plaines, Ill.

"[My company plans] no policy change, unless and until it becomes more apparent that Congress will turn

DECEMBER TRAFFIC POLL

1. How do you expect your company's over-all business in 1972 to compare with 1971?

Better	119
Same	23
Poorer	3

2. How do you think your total transportation needs in 1972 will compare with those of 1971?

Larger	107
Same	35
Smaller	3

3. In relation to your probable transportation needs in 1972, how do you expect your total use of rail service to compare with 1971?

Relatively larger	69
Same	55
Relatively smaller	20

4. Do you contemplate any major changes in your transportation policies during 1972?

No	129
Yes	13

down major Interstate Commerce Act amendments designed to lessen outmoded rail regulation. Present indications are that if the 'status quo' is maintained (or if bills such as that now called the 'Hartke-Adams bill' are enacted) rail nationalization is guaranteed—it will be just a matter of time until the take-over, either through sheer necessity to have continued service, or through default in loan repayment by carriers. On the other hand, if well-thought-out steps are taken to review 'regulation' as it exists today rather than increase economic regulation, as Hartke-Adams contemplates, a viable competitive rail system, privately managed, could be maintained. In any event, another 12 to 18 months should reveal whether or not shipper policy should be geared to the inefficiencies of government (political) operation," C. J. Harriss, vice president transportation, Continental Grain Co., New York City.

"We will be utilizing contract and private trucking more extensively."—Paul A. Smith, general traffic manager, John W. Eshelman & Sons, Lancaster, Pa.

"Ex parte increases . . . have eliminated rail carriers in handling cement. Motor carriers presently have 99.5% of the business."—W. L. Cooper, division traffic manager, Southwestern Portland Cement Co., El Paso,

"Railroads continue to charge higher rates than motor carriers. Railroads also are not as fast or as dependable as motor carriers, and the claim ratio via rail is greater than via truck."—J. P. Zumwalt, general manager distribution and purchasing, Wilson Certified Foods, Inc., Oklahoma City, Okla.

"We expect 'service' to be the key word in 1972. The carriers that give it will prosper—those that don't can be expected to fall by the wayside."—J. P. Chopskie, general traffic manager, Bridgeport Brass Co., Bridgeport, Conn.

"Rails were used almost exclusively for years in the movement of hides from the source to our plant. The general rate increases we experienced in 1971 made railroads uncompetitive with trucks that specialize in hide hauling. As a result, the second half of 1971 saw a general erosion of the rails' business with our firm. We have initiated action in the rail rate structure for hides to make them more competitive with trucks . . . It remains for railroads to take the bull by the horns in the matter. If rail hide rates are adjusted in a plodding fashion, namely a point at a time, I see further loss of the railroad business with us in 1972."—Harry C. Horner, traffic and purchasing manager, Fred Rueping Leather Co., Fond du Lac, Wis. ■

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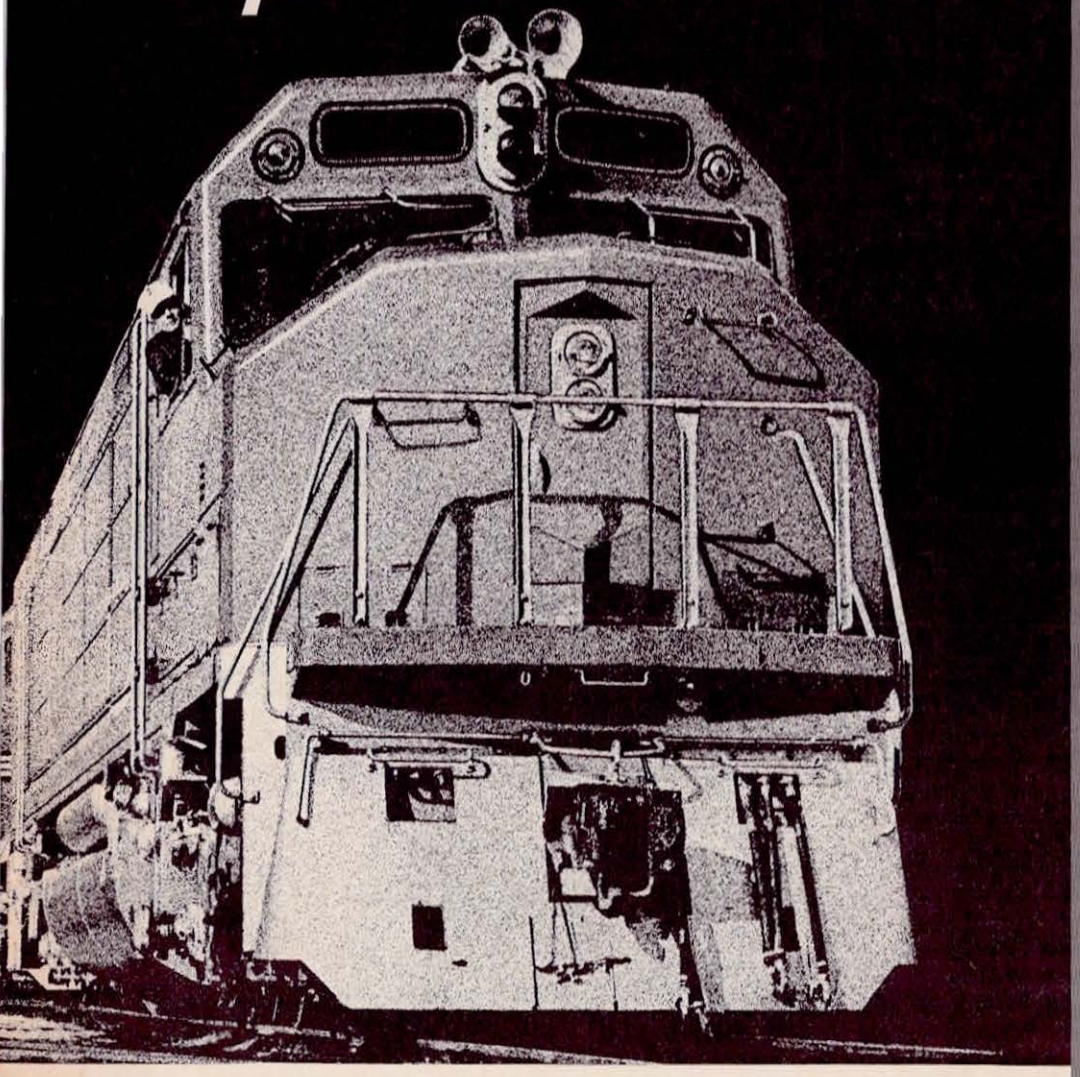

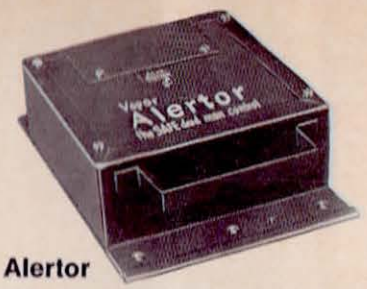

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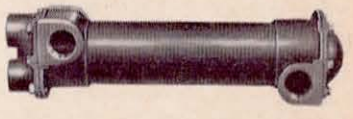
Speed-Log

Pace Setter



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LETTERS

"Poetic justice" for railroads

Dallas, Texas

To the Editor:

The Administration's announced plan for easing constraints on the railroads didn't include the government-financed program of right-of-way improvement recommended by the Transportation Department.

That's unfortunate for travelers and shippers, who are increasingly aware that much of America's track is hardly among the world's best.

It's also an absurd discrimination, since Federal aid has poured into improvement for other forms of transportation—roadway, airway, and waterway.

But anyway it's poetic justice. The whole less-than-exciting benefit package suggests that general distaste for the railroads hasn't abated, even with all the recent buddying up about ASTRO.

It sometimes isn't easy to get public money for an industry that has shown almost relentless unconcern for the public.

SP's President Biaggini remarked in some midyear speech that our fine railroads shouldn't be judged by a dirty old broken-windowed passenger train.

Decades of that thinking have helped make disdain for railroads a national custom. Someone should have remembered that a carload of coal can't vote.

Railroad management hasn't exactly managed its PR well, or over-regulation, antique work practices, and unfair exclusion from aid programs would long ago have been corrected.

Now there's a better way than giving the railroads money to improve their tracks. It's the coming Federal ownership of tracks and rights-of-way. Then the railway will take its place with the highway, the airway, and the waterway as public "ways" owned and maintained for the benefit of the people.

That isn't nationalization of the railroad business. Public ownership of roads and rivers and airports didn't nationalize the trucking and shipping and flying businesses.

It shouldn't forever be the prerogative of railroad managers to decide who or what can move on the nation's rail network, or how much or how little service to the people this national resource shall provide.

Ray Hannon

"Myth of a Golden Age"

Washington, D.C.

To the Editor:

The New York Times on its op ed page Dec. 4 published an article by Professor M. L. Stein, chairman of the department of journalism at New York University, entitled, "Railroads: Myth of a Golden Age." Professor Stein concluded: "Amtrak has a tough act to follow. Its hardest task will be to create public acceptance of an industry that has a sorry history of financial piracy, mismanagement and a 'public be damned' attitude. There never was a Golden Age of railroading in the United States."

Isn't it time that the railroad industry came to the conclusion that the only way to stop this kind of publicity is to do whatever it can to assure a permanent, positive solution to the passenger problem?

Tony Haswell
Chairman
National Association of Railroad Passengers

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Issue date: January 31, 1972.
Advertising closing date: January 17.

BN, ATSF and UP unveil '72 budgets

Budget-planning for 1972 improvements is nearing completion on most railroads. Three have already announced detailed programs for extensive improvements.

Burlington Northern's 1972 capital program calls for expenditure of $66 million for road and other improvements. Major items will be increased spending on construction of Northtown Yard, Minneapolis, a $40-million-total project; and stepped-up work on $50 million in merger-related projects in the Spokane area. Over the next five years, merger-related construction projects are estimated to cost more than $90 million BN's expenditures in this category in 1971 totaled about $12 million.

Santa Fe's major projects for 1972 will include a line change at Summit, Calif. (Cajon Pass) to lower the grade by 50 feet and reduce curvature; and installation of 352 track miles of welded rail (with 15 track miles to be welded using in-track welding equipment). Santa Fe will also build additional TOFC/COFC facilities at Argentine, Kans., and Hobart, Calif., and a container freight station and holding yard at San Francisco-China Basin. In the signal and communications area, the road will install microwave between Beaumont and Longview, Tex., and between Kirbyville, Tex., and Oakdale, La.; install additional hot box detectors and grade-crossing protection devices at a number of locations; complete a 60-mile single-tracking and TCS project between Ellinor and Newton, Kans.; and begin a joint project with Rio Grande and Colorado & Southern to provide single-track TCS signaling between Crews and Sedalia, Colo. Other traffic control installations will be made between Temple and Alvin, Tex., Barstow and San Bernardino, Calif., and Joffre and Vaughn, N. M.

Union Pacific's 1972 projects include complete modernization of the main locomotive machine shop at Omaha to convert it to a component-repair facility; extension of passing tracks between Menoken, Kans., and Gibbon, Neb.; installation of runthrough tracks at Ogden; installation of centralized hot box readouts at Cheyenne; construction of a one-spot car repair facility at Salt Lake City and extension of the car shop facility at Pocatello, Ida.; modernization of a tie and framing plant at The Dalles, Ore.; construction of a new waste-water treatment plant at Las Vegas, Nev.; and construction of an industrial waste separator plant in Hinkle, Ore. UP will expand its microwave system.

Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended Dec. 11 totaled 483,648 cars, according to the Association of American Railroads. This was an increase of 5,242 cars, or 1.1%, compared with the previous week, and an increase of 35,749 cars, or 8.0%, compared with the corresponding week last year, during which there was a one-day nationwide railroad strike. Ton-miles generated by carloadings in the week ended Dec. 11 are estimated at 14.2 billion, an increase of 10.5% above the corresponding week of 1970.

REVENUE FREIGHT CARLOADINGS

Commodity	Dec. 11 week	Dec. 4 week
Grain	19,555	21,895
Farm products	19,140	20,285
Metallic ores	26,046	26,192
Coal	99,732	100,170
Crushed stone, gravel & sand	21,435	22,541
Nonmetallic minerals	8,595	8,146
Grain mill products	18,194	17,857
Food and kindred products	23,683	23,573
Primary forest products	21,988	22,410
Lumber & wood products (except furniture)	15,780	14,042
Pulp, paper & allied products	22,977	22,471
Chemicals & allied products	25,642	25,247
Petroleum products	10,128	9,738
Stone, clay & glass products	16,830	16,625
Coke	5,916	5,540
Metals & products	19,203	19,009
Motor vehicles & equipment	24,611	23,845
Waste & scrap materials	13,382	12,326
Forwarder & shipper assn. traffic	5,753	5,506
All other carloads	64,718	60,558
LCL traffic	340	430
Total cars loaded	483,648	478,406

CUMULATIVE TOTAL, 50 weeks	1971	1970	1969
	24,366,752	26,249,538	27,315,614
Estimated revenue ton-miles (billions) 50 weeks	711.0	737.9	742.3

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Dec. 4 totaled 22,964 cars (0.4% below the corresponding week last year) and 37,897 trailers or containers (up 3.1% from 1970). Cumulative volume for the first 49 weeks of 1971 is 1,127,102 cars (off 5.9% from last year) and 1,847,983 trailers or containers (down 4.2% from 1970). In addition to freight, 2,899 cars carrying 4,711 trailers or containers of mail and express traffic were handled piggyback. Cumulative figures for the first 49 weeks of 1971 are 145,861 cars (down 17.6% from the 1970 total, and 222,626 trailers or containers (down 16.9% from 1970).

IN CANADA

9 days ending	Tons of Revenue Freight	Cumulative Totals
Nov. 30 1971	5,474,546	195,783,524
Nov. 30, 1970	4,908,918	191,107,925

FREIGHT-TRAIN CARS

● *Bangor & Aroostook.*—Ordered 200 50-ft, 70-ton box cars from Berwick Forge & Fabricating at a cost of $3.5 million.

● *Burlington Northern.*—Current orders, for 1972 delivery include: 200 100-ton, 50½-ft high-cube box cars from ACF, $3.85 million; 50 steel cabooses from International Car, $1.5 million; 400 100-ton, 4,000-cu-ft-capacity triple hopper cars from Bethlehem Steel, $6.2 million; 300 77-ton, 52½-ft solid-bottom gondolas from Thrall Car, $3.9 million; and 150 6,850-cu-ft-capy wood-chip cars from Gunderson, Inc., $2.7 million. Commitments on behalf of Colorado & Southern include 150 100-ton, 52½-ft solid-bottom gondolas from Thrall Car, $2.1 million; 50 100-ton 65½-ft solid-bottom gondolas from Thrall Car, $790,000; and 10 steel cabooses from International Car, $302,000.

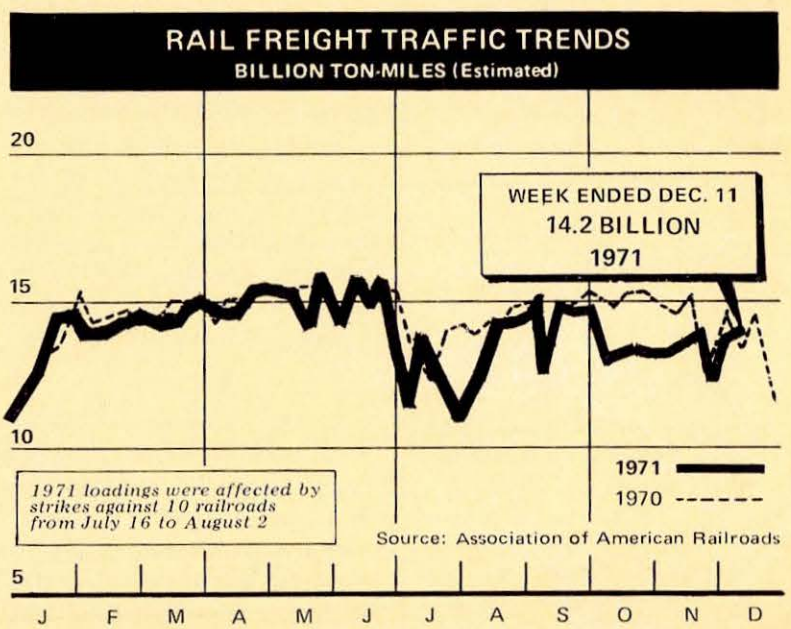
● *Soo Line.*—Increased 1972 new-equipment authorizations by $4.6 million, to cover acquisition of 150 4,750-cu-ft-capacity covered hopper cars and 100 box cars.

● *Trailer Train.*—Ordered 311 cars as follows: from Pullman Standard, 100 standard-level and 84 low-level cars; from Bethlehem Steel, 127 standard-level cars. All will be 89 ft, 4 in. long. This brings to 917 the number of cars ordered by TTX since Jan. 1. As of Dec. 14, TTX had 59,496 cars in service or on order.

LOCOMOTIVES

● *Burlington Northern.*—Locomotives scheduled for 1972 delivery will include 35 3,000-hp U30C diesel-electric units from GE; 33 3,000-hp SD40 units from EMD (of which 18 will to Colorado & Southern/Fort Worth & Denver); 10 2,000-hp GP38 and 20 1,000-hp SW1000 switching units from EMD.

● *Union Pacific.*—Plans 1972 acquisition of 50 3,000-hp SD40-2 diesel-electric units from EMD and 20 3,000-hp U33C units from GE.



Moving Freight

CN's "pipeline on wheels"

Canadian National is operating a unit train of 42 insulated, bottom-dump tank cars to move 635,000 gallons of heavy fuel oil every three days from Montreal 510 miles to an Ontario Hydro generating plant on Lake Huron. Described as "virtually a pipeline on wheels," the rapid unloading system has already drawn inquiries from transportation planners in the U.S. and Canada. The Procor tank cars are conventionally loaded through their tops at Imperial Oil's Montreal East refinery. At Douglas Point, Ont., the cars drain directly into an underground concrete tank after being positioned, six at a time, by a Trackmobile and after the bottom valves are opened. The fuel oil is then pumped to a pair of conventional above-the-ground storage tanks. Eventually the train will be expanded to 65 cars but the 24-hour schedules in each direction will be maintained. Currently, unloading time is under eight hours. CN has built a 12-mile spur to serve the generating plant and Canada's Bruce Nuclear Power project.

New marketing concept involves PC unit trains

A $25-million A. E. Staley plant for processing corn into starch and sweeteners has opened at Morrisville, Pa., and will be served by 100-car Penn Central unit trains operating from the Midwest at the rate of a train every two weeks. Staley and PC say these are the first domestic unit trains to provide grain for manufacturing purposes. The East Coast plant represents a departure in that corn wet milling has been located remote from its raw material source, but close to major markets. Primary shipping point will be Staley's 11-million bushel elevators at Decatur, Ill., but trains may come from other of its storage facilities, depending on an evaluation of the quality and price of corn available and the freight rate involved. At Decatur, new equipment permits the 10,000-ton train to be loaded in 48 hours. A highly automated system at Morrisville will transfer the corn to elevators in 48 hours.

AAR: A new uniformity to freight handling

A 250-page Inspector's Manual, the initial step in a new, unified approach aimed at improving freight handling, has been distributed by the AAR's Loss and Damage Prevention Section. Director Ralph A. Grover and his staff are now preparing a series of training sessions for field instructors who will then spearhead the program on individual railroads. Training will cover every facet of an inspector's job, with the goal of uniformity in packaging, loading, bracing and materials handling, as well as using common methods for appraising and reporting damage when it does occur. The $5 manual, and field training, should assist in producing damage information which will allow shippers and railroads to establish causes and take corrective action, according to Grover.

New piggyback terminal for Reading

Reading's bankruptcy has not prevented opening of a new 11-acre piggyback terminal in North Philadelphia where more than 25,000 trailers will be handled annually. There is space for 125 trailers at one time along both sides of the pair of tracks in the facility, plus numerous off-track trailer parking spaces. To speed trailer handling, Reading has installed a Drott gantry crane, a radio communications system, vehicular traffic control and mercury-vapor lighting.

People in the News

AMERICAN REFRIGERATOR TRANSIT CO. —Robert J. Dunne, Jr., vice president and general manager, elected president and general manager and a director, to succeed **Thomas E. Fox,** who retires Dec. 31.

AMTRAK.—The **National Railroad Passenger Corp.** has opened regional offices in New York, Chicago and Los Angeles. **Burton R. Buck** will head the Eastern Regional office at 12 W. 51st Street, New York. **Robert T. Edgar,** regional manager, heads the Western Office at Union Terminal, 800 N. Alameda, Los Angeles. The regional manager will be named soon for the Midwest Office at 80 E. Jackson Blvd., Chicago.

BANGOR & AROOSTOOK. — Leo E. Downie named traveling engineer and supervisor of air brakes, Houlton, Me., succeeding **John Connors,** retired.

H. William Oliver appointed programmer analyst in the new computer installation.

BELT RAILWAY OF CHICAGO. — W. J. Cassidy, assistant secretary and assistant treasurer, elected secretary and treasurer, succeeding **J. R. Ekholm,** retired (RA, Nov. 29, p. 54).

BOSTON & MAINE.—F. A. Hyland and **P. E. Chadbourne** appointed assistant comptrollers, and **J. H. Jagline,** assistant to comptroller, Boston, Mass. Mr. Hyland was formerly auditor revenues and Mr. Chadbourne, auditor disbursements.

BURLINGTON NORTHERN.—A. E. Pew III, assistant to vice president, management services, named director of administrative services in the management services and planning department. **Maurice E. Hagen,** superintendent, Dakota division, Grand Forks, N.D., transferred to the Hannibal division, to succeed **I. G. Toland,** who retired Dec. 1.

CANADIAN NATIONAL. — R. M. Ripple, district passenger representative, Seattle, Wash., named supervisor of passenger sales, Kamloops Junction, B. C.

B. Miles, assistant mechanical officer—car, St. Lawrence Region, appointed superintendent equipment, Capreol, Ont., succeeding **R. A. Robinson,** promoted.

ERIE LACKAWANNA — DELAWARE & HUDSON.—J. T. Colpoys appointed manager of safety of both roads at Cleveland, Ohio.

John L. Gibson appointed district sales manager, EL, Kansas City, Mo., succeeding **J. H. Cliff,** retired. **John E. Wesbecker** named division sales representative, Youngstown, Ohio, succeeding Mr. Gibson.

FRISCO. — J. G. Skaggs, district sales manager, Fort Worth, Tex., retired recently after more than 36 years of service.

R. J. Dunne, Jr.
ART

Richard Wakenight
Vapor

KANSAS CITY SOUTHERN.—R. B. Sarver named car accountant, Kansas City, Mo.

MICHIGAN RAILROADS ASSN. — W. A. McClintic named executive director, Lansing, Mich.

MILWAUKEE. — Laverne W. Schroeder, regional manager of sales, Des Moines, Iowa, transferred to Minneapolis, to succeed **George Neu,** who retired Nov. 30. **Gail F. Meintzer,** assistant regional manager of sales, Seattle, transferred to Des Moines.

NEW JERSEY DEPARTMENT OF TRANSPORTATION. — Donald A. Lochhead appointed director of operations, Commuter Operating Agency, Trenton, N. J. Mr.

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Lochhead has been associated with the New York consulting engineering firm of **Coverdale & Colpitts** since 1953, the last eight years as a partner.

ROCK ISLAND. — James T. Hunter appointed engineer maintenance of way, Chicago. Mr. Hunter was formerly engineer of equipment, **Missouri Pacific,** St. Louis.

SOUTHERN. — James Thomas Hudson, system superintendent — communications, Chattanooga, Tenn., appointed general superintendent — operations, Communications and Signal Department, Atlanta. **Richard E. Stepp,** general supervisor of communications, Asheville, N. C., named general supervisor of communications and signals there. **Robert L. Hutcheson,** electronic specialist, appointed general supervisor, communications and signals, Hattiesburg, Miss. **Samuel A. Means,** assistant signal and electrical engineer, Greensboro, N. C., appointed general supervisor, communications and signals there.

James Ray Strickland, assistant communications engineer, appointed superintendent-yards, Communications and Signal Department, Atlanta.

UNION PACIFIC.—Robert L. Richmond, assistant to vice president-operation, Omaha, named general manager, South-Central district, Salt Lake City, to succeed **Glenn A. Cunningham,** who retires Jan. 1. **Robert W. Holland,** general superintendent, Salt Lake City, succeeds Mr. Richmond.

John F. McDonough appointed mechanical superintendent of shops, Omaha. He was formerly general shop superintendent, Collinwood locomotive shop, **Penn Central,** Cleveland.

INDUSTRIAL TRAFFIC

F. L. Merwin and **A. E. Leitherer** have been reelected, respectively, president and vice president of the **National Industrial Traffic League.** Each will serve for the fiscal year ending Oct. 21, 1972. Merwin is vice president of the American Smelting and Refining Co., New York City, and Leitherer is vice president-traffic of Allied Mills, Inc., Chicago.

J. L. Welch has been appointed division traffic manager, Denison Division, **Abex Corp.,** Columbus, Ohio. Mr. Welch has been with the division since 1956.

David J. Lee has been named general traffic manager, **American Hoist & Derrick Co.,** St. Paul. He was formerly traffic manager.

SUPPLY TRADE

Richard Wakenight has been elected vice president and controller, **Vapor Corp.** Mr. Wakenight will continue his duties as director of Vapor's accounting department and admanistrator of its financial affairs.

John P. Mann has been named vice president of engineering, **Lima Division, Clark Equipment Co.,** Lima, Ohio. He was formerly manager of components engineering **WABCO,** Peoria, Ill.

Jack I. Levy, senior vice president, **General American Transportation Corp.,** and **Henry J. Nord,** vice president-finance, have been elected executive vice presidents. An Office of Chief Executive has been created consisting of **T. M. Thompson,** chairman, **J. R. Scanlin,** president, and Messrs. Levy and Nord.

Safetran Systems Corp. has announced appointment of **J. D. Aldern** as vice president—general manager, and **J. E. Moe** as assistant general manager—chief engineer, **Marquardt Industrial Products Division,** at Cucamonga, Calif. Mr. Aldern was assistant to the president and Mr. Moe was director of engineering and development, **Railroad Accessories Corp.** (RA, Aug. 9, p. 44A).

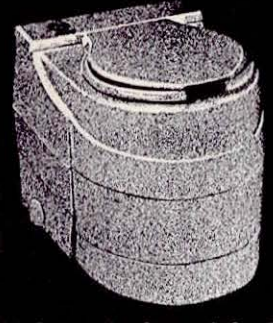
Gerald B. Smith has been elected a vice president, **Carbone Corp.,** Boonton, N.J. He will continue as manager, Battery Division.

Goodyear Tire & Rubber Co. has appointed **L. B. Foster Co.,** Pittsburgh, as a national distributor for rubber railroad crossing pads.

OBITUARY

Howard K. Larson, 57, assistant manager of pricing, **Milwaukee,** Chicago, died Dec. 12.

Joseph J. Nolan, regional sales manager, Southwest Sales territory, **True Temper Corp.,** Cleveland, died recently.



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Viewpoint

"Faith, hope—and a fair deal"

The AAR one year ago was describing 1970 as "the worst year since the '30s" for railroads. In many ways, 1971 was just as bad. Recessionary trends deepened; strikes hit the railroads and peripheral industries; ton-miles tumbled; and three separate studies were initiated contemplating the nationalization of all railroad operations.

Yet, railroads are closing the books on 1971 in a mood of optimism. Seasoned observers of the scene perceive fundamental progress in what can best be described as a "yes—but" year.

Ton-miles were down about 4% from 1970's total—but revenues rose to an all-time high of $12.6 billion. And the most dedicated pessimist cannot easily write off a $12.6-billion industry as being at the end of the line.

Labor unrest was as troublesome as at any time in recent history, and the wage settlements were costly—but out of this unrest, and along with steeper payrolls, came work-rules reforms from which the industry will reap immeasurable rewards in years to come.

Capital improvements declined from $1.35 billion in 1970 to $1.2 billion in 1971—but the year brought restoration of the 7% investment tax credit, which could beef up spending anywhere from 10% to 15%.

The year saw nationalization studies undertaken by the Interstate Commerce Commission, the Department of Transportation, and the Senate Interstate and Foreign Commerce Commission—but the immediate evidence these studies turned up was that it would be far cheaper to help the railroads help themselves than to place them under government ownership.

Another railroad slid into bankruptcy in 1971, the fifth in five years, and the operating revenues of 11 other roads were insufficient to meet operating expenses—but even this news had its positive side, serving as it did to emphasize to Congress the urgency of the railroad problem.

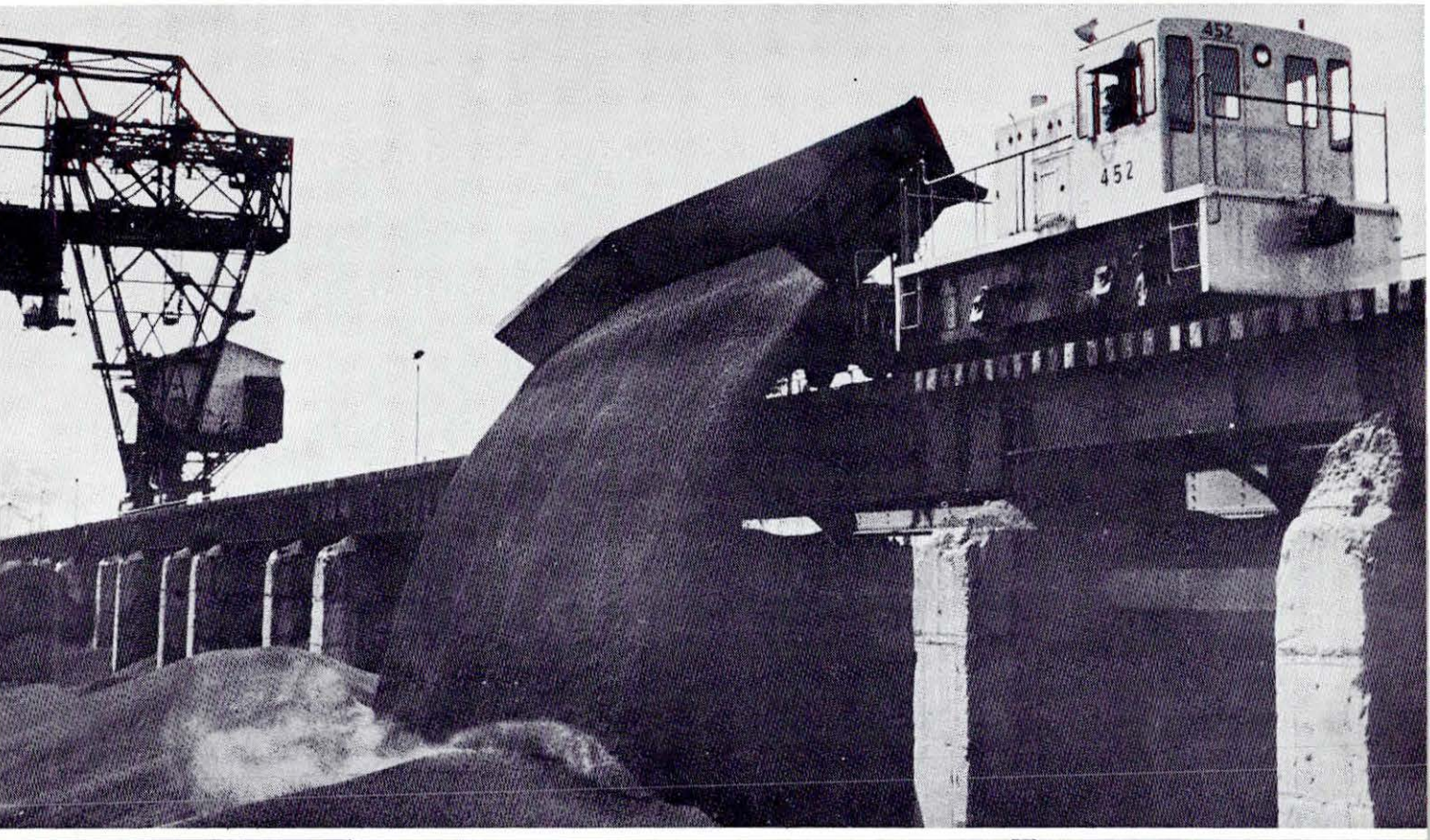
Passenger-train deficits were as bad as ever—but for the first time they were a drain on the public exchequer, not the industry's.

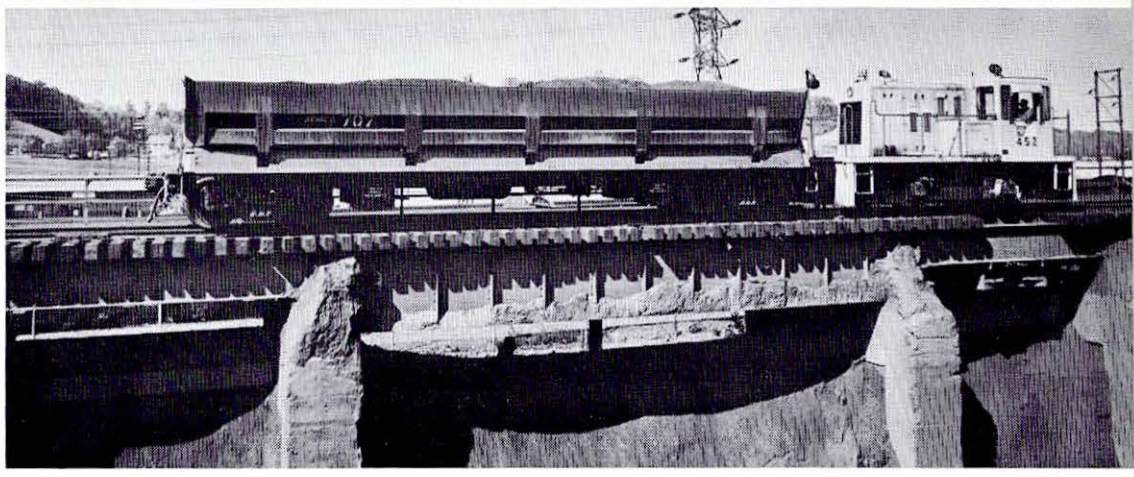
IN UNITY, STRENGTH

Of all the heartening developments in this watershed year, the most heartening was the coming together of the regulated rail, motor carrier and waterway modes in support of omnibus transportation legislation—subsequently introduced in Congress as the Surface Transportation Act of 1971, the so-called Hartke-Adams bill—tailored to give distressed transportation companies immediate financial aid and long-range regulatory relief. Other bills helpful to railroads are also before Congress. While none of these is likely to pass in its present form, there is a strong feeling that, as early as next May, we may have the Surface Transportation Act of 1972 incorporating important provisions of several pending bills.

One railroader remarked the other day that this is a time for faith, hope—and a fair deal in Washington. The industry has an ample supply of the first two as it rolls into 1972; the last is up to Congress.

ARMCO DUMPS ON THE MOVE





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One DIFCO Air Dump Car moves 100 tons at a time, up to 35,400 tons a day.

Not all applications of DIFCO hauling equipment involve strings of cars. At their Ashland, Kentucky, steel-making facility, ARMCO Steel Corporation uses a single DIFCO Side Dump Car to achieve top efficiency in a stockpiling operation.

The 100-ton capacity car shuttles back and forth, carrying iron ore pellets from a loading facility to the stockpile site. Fast loading from an overhead car-tipper and dumping on the move from a trestle permits ARMCO to haul up to 118 loads per 8-hour workshift. With the shuttle in service around the clock, total hauling tonnage can exceed 35,000 tons daily . . . with *one* car!

DIFCO's smooth 8-second dumping action and 50° self-cleaning dump angle are essential features in maintaining maximum speed in the shuttle-haul operation.

Perhaps DIFCO Air Dump Cars—just one or maybe a whole string—can help solve your heavy haulage problems, too. We would welcome the opportunity to give you more information. Please call, wire or write today.

Remote Controlled DIFCO Loco Trains • DIFCO Payload Locos • Differential Air Dump Cars • "AXLESS" Truck Mine Cars • Locomotives • Rotary Car Dumpers • Wagon Trains

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DIFCO

D710

50,000 miles to nowhere.

Half of southern New England's railroad lines accounts for only 10 per cent of its total railroad traffic.

In 1961, an Interstate Commerce Commission investigator recommended that 1200 miles of the New York, New Haven, and Hartford Railroad be considered for abandonment, in an attempt to save the failing railroad.

Seven and a half years later, and $128,000,000 in debt, the New Haven ceased operation as a separate railroad, having obtained approval for dropping only 235 of the originally recommended 1200 miles.

It may seem incredible that a prescription would be recommended and then withheld.

And perhaps it is easier to document a death, than the dying process. But the same symptoms mark a great many railroads in their struggle to stay alive today.

The study of just one railroad, in another area of the country, shows that 40% of its railroad line brings in only 3.8% of its total freight revenue. The yearly losses on these 4,300 miles of railroad line are estimated at more than a thousand dollars a mile, or more than $4,000,000 a year.

On some other roads, as much as one-third of the rail line could be abandoned, due to changing market requirements.

Nationwide, there may be as many as 50,00 miles of unnecessary lines...50,000 miles tha lead nowhere but to greater losses for our rai road system.

There is no question that original policies o maintaining rail service to virtually every are were in the best interests of the shipping publi

But such policies date back to a time when rai roads were the only feasible way of shipping Today, many other modes of transportation ca perform this service, often more practically.

In fact, other modes of transportation suppo the railroads' plea for a new and realistic polic that would provide for rapid abandonment unnecessary and uneconomical railroad lines.

Twenty-five years ago, the question of mai taining unnecessary railroad lines might ha been academic. In those days, a healthy railroa industry could underwrite such deficit service

Today, it is no longer academic. For today tl railroads face a crisis for survival.

It is also a crisis for our entire transportati system, and for the economy itself.

But it is a crisis that can be measurably help with a new policy permitting the swift elimin tion of unnecessary railroad services, which a draining the life from a vital link in the natior transportation system.

This message on behalf of Americans and their railroads appears nationally in leading newspapers, as a public service of **Pullman-Standard,** America's lead builder of rail cars. *Reprints* are available by writing Pullman-Standard Division, Pullman Incorporated, 200 South Michigan Aven Chicago, Illinois 60604.